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PRESIDENTIAL POSSIBLES: WHERE THEY STAND

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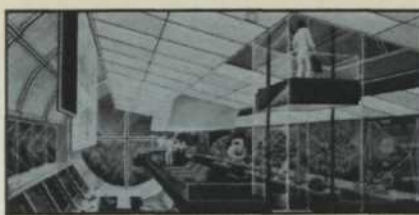
Business forecast: Everything's headed up

How businessmen can swing votes

To achieve total environmental control, everything must work constantly to enhance man's activities, not just support them. His working area must function, not merely enclose. And probably no area can make a larger contribution to environmental control than the ceiling. For here you find the most logical place to house functions such as lighting, air distribution, acoustical control, and fire protection.

But this Armstrong C-60 Luminaire Ceiling System goes far beyond housing diverse functions. It has been imaginatively engineered to combine all these operations in a boldly original, single system that performs its tasks with new highs in overall efficiency.

Take lighting as an example. The unique, V-shaped lighting modules have far more reflective surface than conventional fixtures. They deliver more of the light they generate down to the working level. Consequently you achieve the desired intensity of light with fewer lamps,



Here, on a continental shelf, is an imaginative glimpse at what a corporate headquarters might look like in years to come. On the balcony level at the right, comfortable lounges await visitors, and a key executive's office, complete with a "think-walk," allows visual access to the workings of his managers, below. Mechanical walkways carry personnel to various locations within the structure. Other conveyances speed from one unit to another within the undersea complex. This totally controlled environment will successfully house many people using diverse forms of electronic technology.

fewer replacements, and less wattage. And you don't have to contend with harsh glare or unnatural shadows.

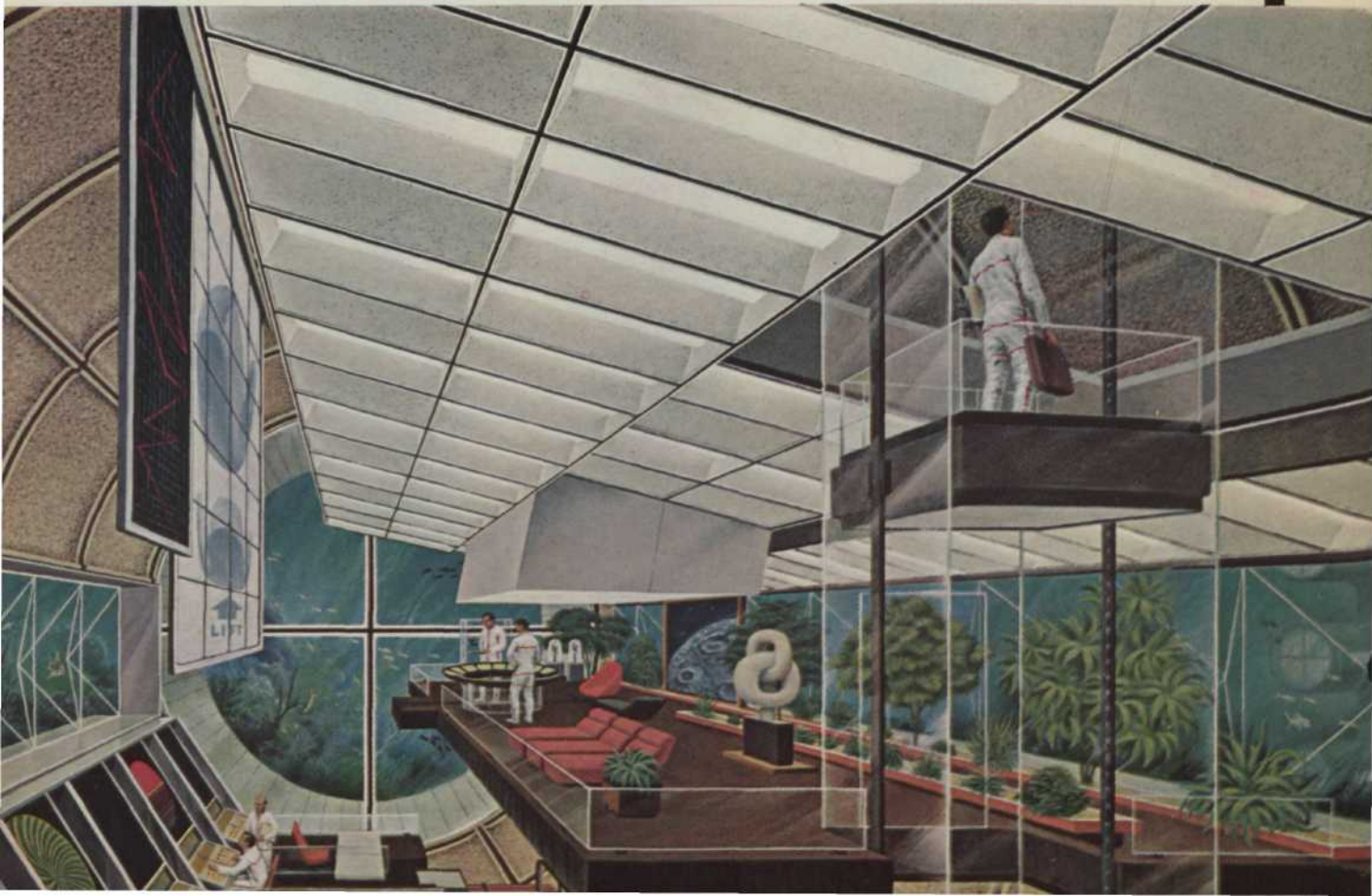
In air distribution, the ceiling system operates on another more-for-your-money concept. Conditioned air can be fed into a room through thousands of perforations in each ceiling panel. It enters silently, evenly, and without a suggestion of draft. Or, depending on your needs and structure, air may enter the

room from linear diffusers built right into the ceiling's suspension system . . . so as not to intrude on Luminaire's striking good looks. With flexibility like this, air distribution can be tailored precisely to your needs—often at a significant saving over conventional methods.

The efficiency story goes on into the areas of acoustical control and rated fire protection. But you know the basic premise. By fusing these functions into a bold, new single system, the Luminaire Ceiling System does more work to create a total environment at an overall lower cost. It also offers endless design possibilities in combining lighting modules with flat panels. A copy of our booklet "How to get more useful work out of a ceiling . . . and save money doing it" will give you a lot more details. Ask for it. Write Armstrong, 4201 Mercantile Street, Lancaster, Pennsylvania 17604.

CEILING SYSTEMS BY
Armstrong

MEET THE ASSIDUOUS CEILING:



Be thankful

(Start out the New Year by thanking last year's customers—by phone.)

The Long Distance telephone message is a natural for business diplomacy. It's personal, immediate, memorable, efficient. It's the way things are done when you want to do them up right. Put in a good word to someone, today.



AT&T
and Associated Companies

Nation's Business

January 1968 Vol. 56 No. 1

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,750,000 companies and professional and business men
Washington, D.C.

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**PUT A
NATIONAL ISSUE
UNDER
THE SPOTLIGHT..**



AND THINGS HAPPEN

When a national issue is brought out into the open and put under the spotlight, at a national conference—and when the issue is fully explored and freely discussed from all sides by businessmen, scholars and experts on the subject—things of far-reaching importance happen.

Thinking is stimulated. Action, in the public interest, is encouraged.

People Learn the Facts

For example, when the National Chamber conducted a national conference on "Guaranteed Income," a while back, here is what happened:

—The issue was clarified. The advantages and disadvantages of the "Guaranteed Income" proposal were weighed and considered.

—The men and women who participated in the conference, and who were particularly interested in the question, learned far more about it than they had ever known before.

—The conference generated news and editorials in the press and over the air, and thought leaders in every part of the country learned more about "Guaranteed Income" and its significance than *they* had ever known before.

—The published proceedings of the conference put the facts and background information about the issue into the hands of government officials, business and professional leaders, community leaders, and others who influence the formulation of public policy.

All this ties in with one of the basic purposes of the National Chamber, which is: "to concentrate public opinion and action on questions relating to economic, civic and public welfare."

A New Program

To advance this purpose, the National Chamber, in 1968, will sponsor a series of NATIONAL BUSINESS CONFERENCES on major issues and problems.

1968 NATIONAL BUSINESS CONFERENCES

Date	Place	Subject
Jan. 16	St. Louis, Mo.	"Modernizing State and Local Government"
Feb. 14	Washington, D.C.	"The Taxpayer's Stake in Tax Reform"
Mar. 26 -27	Washington, D.C.	"The Urban Poor: Manpower and Consumer Potentials"
Apr. 10	Washington, D.C.	"Federal Spending—Crisis of Priorities"
May 21	Minneapolis, Minn.	"Developing a Foreign Trade Policy for U.S. Business Growth"
May 23	Detroit, Mich.	"Business and the Urban Crisis"
June 5	Washington, D.C.	"Business-Consumer Relations in a Complex Society"
July 24	Washington, D.C.	"Business Solutions to National Emergency Labor Disputes"
Aug. 13	Dallas, Texas	"Impact of Urban Pollution on Business" (Business Solutions to Air, Water, Solid Waste, and Noise Problems)
Sept. 16	Denver, Colo.	"Education for the Changing World of Work"
Oct. 23	Washington, D.C.	"Business Planning for Tomorrow's Environment"
Nov. 14	Washington, D.C.	"Pensions: The Future of Public, Private, and Individual Plans"
Dec. 4	Washington, D.C.	"Is Public Welfare Meeting America's Needs?"

For detailed information about any one, or all, of these conferences, write:

CHAMBER OF COMMERCE OF THE UNITED STATES
WASHINGTON, D.C. 20006



Know any other blue chips
that come in 21 colors?

For years, Cadillac has retained a higher percentage of its original cost than any car built in America. And this great value story keeps getting better! Latest chapter: a totally new 472 engine—largest, smoothest V-8 ever put into a production motor car. For the executive who needs and deserves the best, a 1968 Cadillac is truly a sensible investment.

Cadillac
Standard of the World



WASHINGTON: A LOOK AHEAD

To strains of "Hail to the Chief," Lyndon B. Johnson loped into the ornate East Room of the White House and squinted into the glare of TV lights.

Occasion: Signing of the bill to set up a National Commission on Product Safety.

Objective: To launch a new push for so-called consumer-protection legislation.

Technique: Melodrama, scare talk, political exaggeration.

On the meat inspection bill—since passed—LBJ intoned: "Nobody in this country ought ever to take a chance on eating filthy meat from filthy packing houses. It doesn't make any difference how powerful the meat lobby is."

On pipeline safety: "We don't want gas-filled pipes bursting in our homes . . . causing a major tragedy."

On land sale legislation: "We need to crack down on the con man . . . who preys on the defenseless (who) wind up in a useless swamp with a piece of no-good land, or they wind up in a worthless shack."

With today's gadgetry, our "homes can be more dangerous than a booby-trapped mine-field," he declared.

Thus the President of the United States broadcast to all America the supposed hazards of modern life.

Betty Furness, the President's special assistant for consumer affairs, likewise, recently chirped: It's "a side effect of our affluent society that the more prosperous the economy, the more snares and delusions are set for the consumer."

Listening to them, you'd think the world has turned back to bygone days of open quackery, of the cure-all elixir touted to ward off cholera, dyspepsia and insanity. In fact, however, we've come a long way since Commodore Vanderbilt said: "The public be damned."

But political concern over consumers is at a shrill pitch. Consumer legislation likely will get priority attention in '68.

The last Congress spent stormy sessions over auto safety and new rules for packaging and labeling. And 1967 brought laws for Commission on Product Safety, flammable fabrics and meat inspection.

President Johnson still wants what Betty Furness terms, "the most ambitious and most comprehensive consumers' program a President has every presented to Congress." And such laws don't raid the Treasury, as LBJ has pointed out.

Without doubt Congress in '68 will concentrate on measures to:

1. Make lenders and merchants selling on installment give buyers a full breakdown of credit charges. Fight over so-called truth-in-lending bill will center on whether regulations would cover even stores' hard-to-figure revolving charge account rates.
2. Set tougher design and construction rules for natural gas pipelines.
3. Guard against threat of future widespread electric power blackouts. A radical measure to force industry reorganization is pending.
4. Require full disclosure on interstate sales of land.
5. Set safety standards for medical devices and clinical laboratories.
6. Establish safeguards against radiation in hospital, factory and home.

In addition, other consumer laws will be pushed mainly by Senator Magnuson of Washington, who chairs the Commerce Committee and its consumer subcommittee. He's getting reputation as consumer champion, even will publish a new book on consumer hazards in May, to help his re-election campaign along.

Magnuson will go after auto insurance this

WASHINGTON: A LOOK AHEAD

year; says his investigators find "discriminatory and sharp underwriting practices."

He'll also press for big Department of Transportation probe of how auto accident victims are paid, as well as present government supervision of auto insurance.

Other measures to watch for:

1. Legislation to give buyers a chance to change their minds after purchasing items from door-to-door salesmen—a kind of cooling off period.
2. Legislation to make industry give full terms of any warranty or guarantee. As one Senate aide put it, too many guarantees cover "only the most fragile component and the product to be repaired must be mailed at consumers expense to the factory in Keokuk, and labor is extra."
3. Legislation either to ban cigaret advertising or make advertisers tell tar and nicotine content.

One goal in back of minds of professional consumer Ralph Nader, Magnuson and others is more quality control, more standards throughout industry.

This is so even though quality is being stressed more than ever in industry. Quality conscious pharmaceutical houses, for example, routinely make as many as 600 inspections and tests before a drug is put on sale. American industry has developed some 500 voluntary product standards in cooperation with Commerce Department and about 1,300 others through private associations. U. S. A. Standards Institute, a federation of 100 technical, trade and professional associations, coordinates and encourages voluntary national standards; has a Consumer Council.

Also on the legislative horizon are moves to enact some sort of truth-in-repairs law. Betty Furness says she gets most gripes about servicing problems: "It's becoming a national neurosis." Everything that moves breaks down, she declares, and getting anything fixed, repaired or replaced is sheer frustration.

Industry is well aware of problems. General Motors 13 years ago set up centers around country to train scarce mechanics. G. M. and other car makers give auto parts and tools to vocational schools to spur better repairs, servicing in long run.

Fact is, today's marketplace is a complex place. We are mechanized, electrified, automated, transistorized to the hilt.

Fully half the consumer goods on brimming shelves today weren't even gleams in manufacturers' eyes a generation ago.

Betty Furness warns that the younger generation is not as acquisitive as the older generation. Some young people have turned industry off, rejected phony TV commercials and shoddy merchandise, she says.

She maintains business and industry must inform, guard, listen to consumer or government will force it.

It's true also that competition doesn't always guarantee that an appliance won't shock you, a tire won't blow out or a new suit will last for years.

But American business is well aware of consumers, is doing more all the time to inform, serve, protect.

Business executives meet with growing frequency with lawmakers and bureaucrats to iron out differences. Even with Congressional aides. Ford President Arjay Miller, for instance, dropped in recently on Senate staff people, to their surprise.

What else is business doing?

New, distinguished Consumer Issues Committee of Chamber of Commerce of United States spurs more information, education, voluntary standards and safety.

National Association of Food Chains conducts consumer dialogues.

Underwriters Laboratories has new Consumer Advisory Council.

Outdoor Power Equipment Institute promotes safety with films, through dealers.

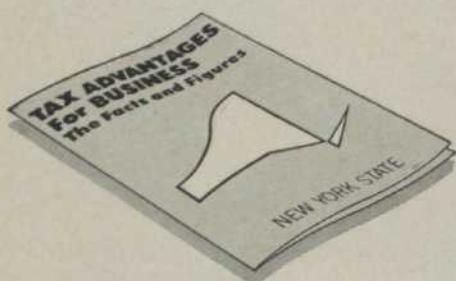


The key to safer city streets is more extensive police patrol. The Hughes 300 Helicopter now gives patrol a new dimension. Helicopter police see what officers on the ground can't see — and instantly summon radio cars to investigate. In Lakewood, California, this air-ground teamwork has brought about a significant cut in crime. Shouldn't your town be next?

Hughes Helicopters

For a free copy of the Lakewood story—"Project Sky Knight"—write: Hughes Tool Co./Aircraft Division, P.O. Box 24698, Los Angeles, Calif. 90024

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Taxes in New York State are more favorable to manufacturers than businessmen realize. Find out one of the big reasons why New York is the nation's leading industrial state by reading this free brochure. It tells:

How you can predict New York taxes. They're stable because New York's broad range of public services is already established and so are the taxes to pay for them. New York's business taxes have risen less than those of any other state in the last twenty years.

How you can save on personal-property taxes. There are no personal-property taxes in New York State. No tax on machinery, inventory and equipment.

How you can write off many depreciable assets at a rate twice as fast as that now allowed by the federal government.

How you can write off new research and development facilities in one year.

Write today on your letterhead for a free copy of "Tax Advantages for Business" to Commissioner Ronald B. Peterson, Room 430, New York State Dept. of Commerce, 112 State St., Albany, N. Y. 12207. Or call (518) 474-4100. Or, if you prefer, contact us through any reliable third party.

New York State Department of Commerce

Business opinion:

Politics is the name of the game

To the Editor:

Former Gov. George Wallace is forming an effective national organization billing himself as a conservative, but after perusing any sample of issues, conservatives will find Wallace severely deficient of any understanding of modern conservative philosophy.

Wallace is a defender of the stale status quo and the irrational anti-Negro mentality. The greatest danger posed by him is his ability to say many of the right things, but for all the wrong reasons.

The political and moral platform of George Wallace is girded by the flaming crosses of hatred and distrust, and not of sound, reasoned alternatives.

FREDERICK E. WALLIN
Former Membership Director
Young Americans for Freedom
Pittsburgh, Pa.

To the Editor:

After reading the survey on "Who Will Win the '68 Election" [November], our conclusions were the people interviewed missed the obvious answer to being disenchanted with what either party has to offer.

A new party, backing such a rarity as an honest politician like George Wallace, is in our opinion our nation's last hope for a leader.

MR. AND MRS. WILLARD STUBBS
Edgewater, Fla.

To the Editor:

Your article on the 1968 election chances was interesting to me. I was struck by the number of times Nelson Rockefeller's name came up in the interviews.

Perhaps he is not out of it, in spite of his protestations that he is not a candidate.

RICHARD NOBLE
Minister
First Methodist Church
Marinette, Wisc.

To the Editor:

On the cover of the November issue are cartoon sketches of 1968 Presidential candidates. I wish to know whether the person at the bottom of this sketch between Governor Reagan and Senator Percy is Vice President Humphrey or Governor Wallace of Alabama.

RON C. ROSELL
Grayslake, Ill.

► **EDITOR'S NOTE:** Former Governor Wallace.

Telling the drug story

To the Editor:

In the marketing section of "Business: A Look Ahead" [November], you refer to Smith Kline & French's speakers' bureau. I would like to point out that A. H. Robins Co., Inc., Richmond, Va., has a speakers' bureau which has been very active since 1962.

In fact one speaker has delivered

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What's behind this dramatic upswing? Superior products, for one thing. Cars like the '68 Plymouth Fury below.

This year, we've given it cleaner lines. And made it safer. And quieter. And richer inside.

It also is equipped with the biggest standard V-8 in its class. And the biggest brakes. And the biggest trunk.

It's the heaviest car in its league, too. And the most solid. And the beat goes on. ♡

If you're planning to expand or update your fleet this year, give a lot of thought to Plymouth.

Check our resale value. Watch us cut red tape when you order.

The trend in company cars is to Plymouth. We're going to keep it that way.

And the beat goes on. ♡

And the smart money says we'll do it again in '68.

Why? Because there's a movement afoot—a momentum, a beat. The Plymouth win-you-over beat.

Since 1962, our fleet business has increased 224%. Which means it's more than tripled. Which is going some.

And the beat goes on. ♡



Plymouth



CHRYSLER
MOTORS CORPORATION

...the Plymouth win-you-over beat goes on ♡

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Here is a recording instrument that works with the greatest of ease . . . the Sony Solid-State Easymatic "CassetteCorder" Model 100. Snap in the Sony Tape Cassette, press a button, and you're ready for business—or pleasure. What could be easier? □ The Sony Model 100 is a quiet worker that comes through loud and clear. Yet, it won't disturb your budget, because Sony's made it easy for you to own. □ So, if you're looking for the easy way . . . visit your Sony/Superscope dealer today . . . he's easy to find and easy to do business with!



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Business opinion:

over 200 presentations to the public.

I would like to commend you for including the reference that the pharmaceutical industry is trying to tell its story to the public.

JAMES A. SMITH JR.
Durham, N.C.

Business not utopian

To the Editor:

The statement that "never has so much fiction been spun out of so little fact" applies to business as well as to the new generation and its problems ["The Greatest Story Never Told" November].

For example, efforts to associate business with democracy tend to be not only misleading but unfair to the American political and economic system.

The business system in America is not utopian. It is most certainly not democratic. To fault the system as anti-democratic or undemocratic may be emotionally and ideologically satisfying to certain elements in our society, but to do so is to fault an apple for not being an orange.

The lack of care in the selection of such concepts may well be one reason for much of the antagonism which does exist towards business.

The questions raised are reasonable and deserve some consideration by people in the business community.

THOMAS P. USTANKO
Ustanko Associates
Los Angeles, Calif.

Governing too much

To the Editor:

The five related articles ["Business . . . our last hope"] in October NATION'S BUSINESS present a constructive discussion of racial problems and law enforcement. The article entitled "The Bitter World of the Policeman" raised the question: Where have we gone wrong?

Let me suggest a reply that does not appear in the article: We have passed too many laws dealing with too many details.

Edmund Burke once wrote "the leading vice of the French monarchy . . . was in good intention ill-directed, and in a restless desire of governing too much. The hand of authority was seen in everything and in every place."

"All, therefore, that happened amiss in the course even of domestic

The Mirror Smearer.



This is the bug to
blame for smeared mirrors
in rent a cars.

But we're rubbing
him out at Avis.

In fact, when you rent
our shiny new Plymouths,
there are 47 different
varieties of bugs you
probably won't be seeing.

We're winning
the battle of the bugs.

Avis tries harder.



Some compositions require the blended playing of 100 first-rate musicians. Others, a quartet of virtuosos. Put them together and what do you have—musically speaking a concerto.

In some ways business is a lot like music. It takes the "blending together" of business talents to get at the source of the problems of modern business—the working together for mutual protection and advancement through your trade or professional organization.

If you're not a member of the trade or professional association serving your field, you're missing out on a wealth of practical benefits such an organization can offer. Everything from valuable reports on your industry to the useful and rewarding practice of exchanging ideas with others.

Why not join and support your association—you're not buying membership, you're buying the cooperation of the ablest men in your field to do the things together you can't do alone.

POINTERS FOR PROGRESS

through trade and professional associations

Business opinion:

affairs was attributed to the government...."

"Governing too much" does not supply the whole answer as to where we have gone wrong, but it surely provides a part of it.

JAMES C. PATRICK
Executive Vice President
Chamber of Commerce
Decatur, Ill.

To the Editor:

In your Executive Trends column [November] occurs the phrase: "Economy-minded executives will think twice before asking their Gal Friday to whip out pencil and dictation pad. It'll cost \$2.49 to get that letter on paper and into the mail."

Obviously, all the items of expense except for mailing and materials (22¢) are being paid for anyway and the executive who dictates only a half-dozen letters a day, instead of a dozen, isn't going to save the firm enough money to pay for his second lunch martini.

Many of us try to encourage our people to write more letters rather than fewer, especially on the selling and public relations sides of the business—and articles like this provide an excuse for the younger men to duck communications which they should make.

CHARLES PALMER
Parthenon Pictures
Hollywood, Calif.

Problems of the cities

To the Editor:

"Washington: A Look Ahead" [October] seems rather a look back at the 1890's and an attempt to deny that modern day problems exist.

Seventy per cent of Americans are city dwellers and city workers, if you include suburbs, as you must.

Towns and cities of 50,000 or less still help to make up megalopolises.

Cities do have some real problems and these are becoming the problems of America at large. If we decide to do something about them, we can—at the local, county, state or regional level.

Denying their existence or importance will not only aggravate the problems, it will also mean the growth of that federal power which you decry.

THOMAS R. HODGE
Marketing Staff Manager
American Telephone and Telegraph Co.
New York, N. Y.

New tax break for self-employed. Do you qualify?

On January 1, 1968, Uncle Sam took another long stride toward easing a major burden of millions of Americans. Changes in the Self-Employed Retirement Act significantly increase the amount that can be set aside each year under a personal pension plan and permit deduction of the full amount for Federal Income Tax purposes.

In essence, dollars that would nor-

mally go for taxes can now go into a retirement plan for you and, in some cases, for your employees.

To take advantage of this new liberal tax treatment, you must have a plan that is "qualified" with the Internal Revenue Service. Phoenix Mutual has a prototype plan which has already been approved. We can greatly simplify the procedure and help you secure qualification with

a minimum of paper work.

Phoenix Mutual's reputation has been built upon retirement planning. ("How to retire in 15 years with \$300 a month", remember the ads?)

Let us send you an outline on pension planning for the self-employed. It's free, and it could save you a great deal of money. Just fill out the coupon and send it in.

Phoenix Mutual *Founded 1851*

Phoenix Mutual Life Insurance Company
484 American Row, Hartford, Conn. 06115

Please send me your outline on pension planning for the self-employed.

Name _____

Business Address _____

City _____

State _____ Zip _____

You'll be safer on the roads if you...

make it a habit to check the condition of your vehicle regularly, as professional truck drivers do. When your car is lubricated, have your parking lights, back-up lights and turn signal indicators checked. See that your headlights are properly aimed. If you have power brakes, power steering and automatic transmission, check their fluid levels. How long has it been since you've inspected your tires? You may need alignment or rotation service. How were your wipers during the last rain? Is your windshield washer working properly?



Care for your car

Details? Yes, but a safe vehicle is the result of attention to details like these. Professional motor carriers check every vehicle according to a strict maintenance schedule. They know it's ready to roll before it moves. That's one reason the American trucking industry has America's safest driving record. High truck manufacturing standards and intensive driver training are others. Although trucks account for more than 16% of all the vehicles on the road, they represent less than 11% of vehicles involved in accidents... in spite of the fact that commercial vehicles travel many more miles each year than the typical passenger car. When it comes to safety, you can hardly do better than to

drive like the pros

American Trucking Industry

American Trucking Associations, Inc.
Washington, D. C. 20036
THE WHEELS THAT GO EVERYWHERE



Executive Trends

- Executive outlook
- Untapped pool of willing workers
- Crime-busting businessmen

Executive outlook for 1968

Job hunting?

Well, 1968 should be a better time than last year.

In 1967, demand for executives was off. About 14.6 per cent below a year earlier, Heidrick and Struggles' Executrend—a survey of executive demand—shows.

However, the curve turned up in October, the Chicago executive recruiting firm says. And that trend should continue in the new year.

Biggest recent gains are for marketing and personnel executives. Both were up 10 per cent in September-November over the earlier quarter—though down from last year.

The market was stronger, too, for finance executives. Up about 4.1 per cent. Here are the figures for all categories:

Per cent change

Compared to prior quarter Compared to same period last year

Defense engineering and science	-12.3	+ 1.1
General engineering and science	-11.5	-22.8
Finance	+ 4.1	-21.0
General administration	-16.7	+18.3
Manufacturing	- 8.1	-64.0
Personnel	+10.5	-34.3
Marketing	+10.7	- 7.0

Why the slump in demand?

"Probably the result of uncertainty about the nation's fiscal poli-

cies, Viet Nam and the general economic picture," Gardner W. Heidrick, firm president, says.

And challenges you'll face

Competition's tough—but it'll get tougher. That's one management expert's forecast.

In the next five years, costs will inflate, profits shrink, and technological pressures build up on executives.

They'll have to adjust to shorter employee work weeks, higher payrolls and rising expectations, says Edward J. Green, president, Planning Dynamics, Inc., Pittsburgh counseling firm.

Their own knowledge and skills will become doubly important—but have a shorter shelf-life. That means back to the books, or refresher courses, much oftener.

They'll have to up productivity, partly of white-collar and blue-collar workers. But even more, by making middle and upper managers more effective. How? By:

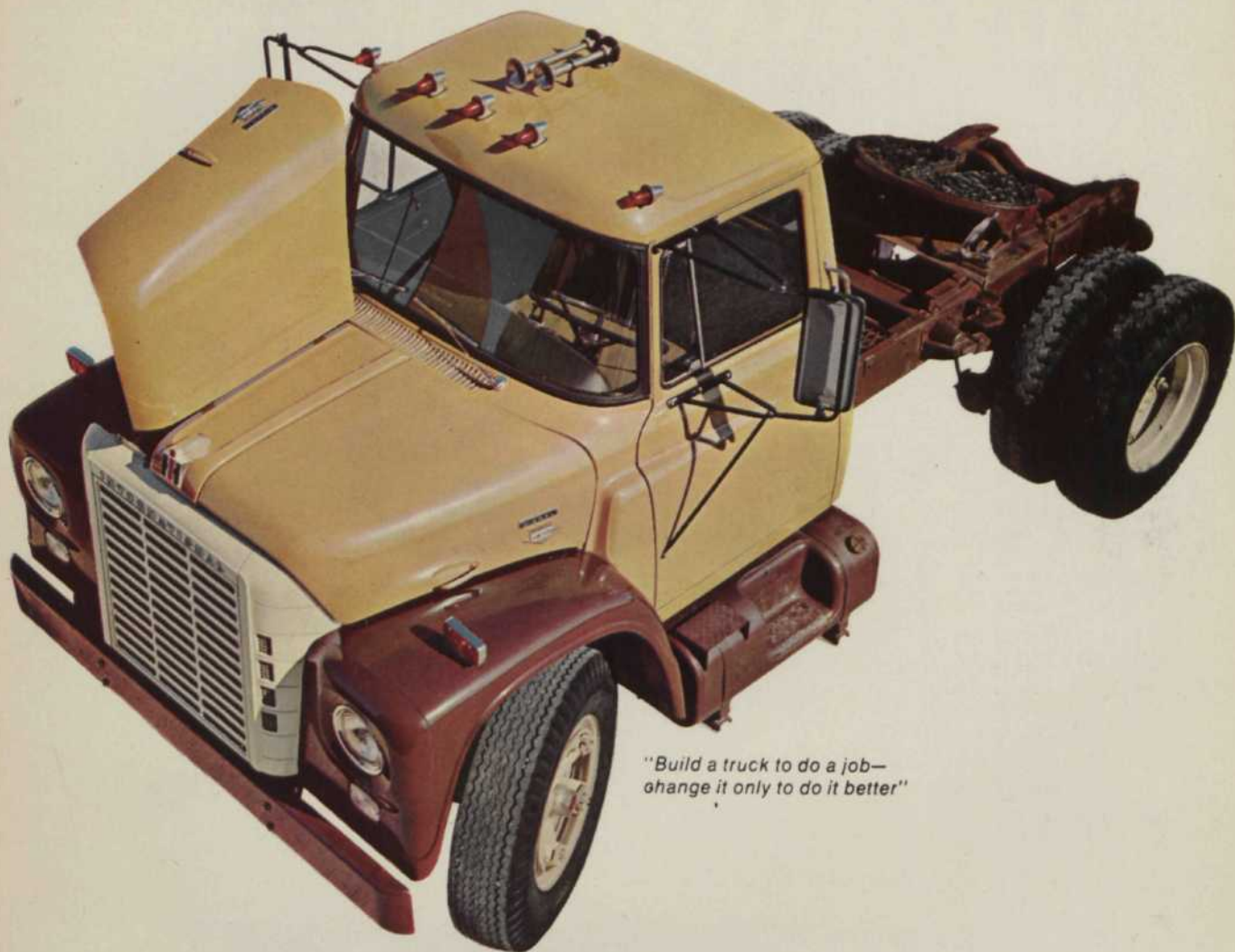
- Switching to management by objectives.
- Exercising authority by virtue of earned prestige and know-how.
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organs. Each one costs an average \$79,000—excluding staff salaries. That's \$474 to \$632 million.

Add other costs and the bill hits \$1 billion, Merrick Jackson, president, Direct Lines, Inc., Bronxville, N.Y., communications counseling firm, says.

A lot of it's wasted, he adds. Here are some tips he gives clients to get better results for less:

- Hire able, experienced writers, editors, publications directors. They'll pay for their higher salaries with fewer costly boo-boos.
- Currycomb the free list often to weed out culls.
- Police production costs and get competitive bids.
- Take regular readership surveys to make sure you're on target.

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Heard that a lot from personnel? Then you might take a leaf from the industrial launders' book. They supply work uniforms, towels, other like services to business and government.

They've pioneered in training and hiring retarded workers. Their Project Manpower, now two years old, has opened up more than 1,000 jobs to retarded young men and women.

"They do everything from folding shop towels, sorting uniforms, to operating complicated pressers and king-sized washers and tumblers," says Aaron Lazaroff, Project Manpower chairman for the Institute of Industrial Launderers.

"Their record for punctuality and job attendance is 98 per cent plus."

And there are lots more where they came from—some 2.5 million of working age and ability.

Executives turn crime-busters

Worried about the rising crime rate?

Lots of business executives are. If today's trend continues, there'll be 7.5 million crimes a year committed by 1975—12 million by 1980.

Many victims will be businessmen.

Now, the National Emergency Committee of National Council on Crime and Delinquency is looking to business people for new recruits in the war on crime. It's decided to work through trade associations

—starting this month—to enlist businessmen's help.

H. Ladd Plumley, board chairman, State Mutual Life Assurance Company of America, heads the committee.

"Trade associations," he says, "are the key way to reach the businessman."

Not much of a status symbol

Debt, that is. It can be wise—or disastrous, Northwestern National Life Insurance Co. points out.

For example, 208,329 bankruptcies were filed in fiscal 1967. That's 10 times as many as 50 years ago. And 11 out of 12 were personal.

Consumer debt now totals \$95 billion.

Much of it comes from blowing the bankroll on luxuries, the company reports.

Want to submerge that urge to splurge—in the new year? It suggests:

- Plan all purchases systematically.
- Ban all impulse buying, except penny-ante items.
- Add up current spending and future obligations before you take on new debts.

Competitors bugging you?

Maybe in more ways than one. Contelco Security Consultants, Ltd., New York, have found "bugs"—electronic eavesdroppers—in:

The thick carpet of a big Manhattan rubber firm's board room.

A humidor kept in a large drug company's private dining room.

An electrical outlet in a Wall Street stockbroker's office.

Spying like this costs U. S. business firms about \$3 billion a year.

What's the best defense against it?

You can call in an expert "exterminator." Or you can use some of the do-it-yourself items on the market. For example:

- A scrambler on your phone. Useful only if the person you call has one, too. They're about \$550 a set.
- An antibugger. It jams all electronic spys in your office. A desk set costs about \$250. A portable you can carry with you, about \$150.
- A bug detector. It locates electronic devices and emits a loud "beep-beep" when it finds one. Price tag—about \$300.



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PITTSBURGH CLEVELAND	12	2 hrs. 45 min.	2.00	2.25	2.65
DALLAS SAN ANTONIO	11	7 hrs. 15 min.	2.10	2.40	2.70

*Other low rates up to 100 lbs. Lot shipments, too.



One of a series of messages depicting another growing service of The Greyhound Corporation.

How times—and men—change

BY PETER LISAGOR

Not long ago the nation's Chief of Protocol was widely regarded as a striped-pants, frock-coated version of a male Emily Post, who knew all the rules of diplomatic etiquette and little else. The main chore of this largely faceless figure was to greet foreign leaders to Washington and shepherd them through a starchy minuet from the moment they arrived until they departed, perhaps exhausted but rarely unbent.

Before the airplane shrank the great oceans, these VIP's came by boat, landed in New York to be welcomed by such an elegant functionary as Mayor Grover Whelan, and then proceeded by train to Washington. The President greeted them at Union Station and rode with them up Pennsylvania Avenue with as much pomp and pageantry as a celebrity-jaded town could tolerate.

The advent of the air age following World War II shifted the ritual to the airport, where the visitor was welcomed by the Chief Executive in an atmosphere of buzzing airplanes and a cluttered runway. This was not a very polite arrangement, for the airport was closed for 20 to 30 minutes, and some highly indignant voters caught in a holding pattern above the ceremonies let the White House know soon enough what they thought of being delayed by some foreigner. Moreover, the motorcade from the airport to the President's guest house took another half hour or longer, delaying traffic and disturbing the testy rhythms of the city unless the visitor was a true celebrity or an object of curiosity, like Soviet Premier Nikita Khrushchev, in which case all was forgiven.

• • •

The jets permitted—or forced—a change. The flow of distinguished traffic crested because a trip from even the most distant country could be made in a matter of hours and because America's business in the world, for better or worse, became brisker as its power increased. To save the President's time, a brilliant plan was developed.

Mr. Lisagor is the White House correspondent for The Chicago Daily News.



PHOTO: WIDE WORLD

Emperor Haile Selassie of Ethiopia and our Protocol Chief, James Symington, chat with President Johnson

The visitor would be flown to Philadelphia, Pa., or to Williamsburg, Va., to see the "cradle of liberty" or walk among relics of the colonial past, spend the night to collect his thoughts, and then, on the day of his "official arrival," he would be flown to Andrews Air Force Base in nearby Maryland, where a helicopter would pick him up and whirl him to the park south of the White House known as the Ellipse.

From there, a limousine would deliver him at the diplomatic entrance of the White House, to be greeted by the President against a backdrop of the Washington Monument and the lush, green, south lawn of the Executive Mansion itself. With an honor guard in stiff array, a service band tootling martial or marching airs after duly playing the national anthems of both guest and host, the President and the visitor head of state or government would exchange greetings in what would be one of the most impressive ceremonies of its kind in the Western world.

This is the way it works now, and not even the most hardened skeptic will deny it is quite a sight.

The ritualistic changes have been matched by the successive changes in the Chief of Protocol himself. Before Angier Biddle Duke accepted the appointment

TRENDS: WASHINGTON MOOD

from the late President Kennedy, he insisted that he hold the rank of ambassador and be permitted to make "a meaningful contribution" to the business of international relations. Duke ended the practice of escorting visitors to the usual shrines. He learned in advance what their interests were and shaped their tours to order, with subtlety and imagination. They were taken to farms and supermarkets, to hydroelectric plants and factories. The stilted and insulated top-of-the-bus view of America came to an end.

• • •

The current Chief of Protocol may illustrate the change better than anyone. James Wadsworth Symington probably would have been at home in the days of the frock coat except in spirit, temper, wit and inclination. He has been likened in appearance to one of the rich young heroes of F. Scott Fitzgerald; he went to the right schools, including Yale and Columbia Law; his great-grandfather on his maternal side was John Hay, secretary to Lincoln and Secretary of State to Presidents McKinley and Theodore Roosevelt, whose bewhiskered portrait hangs in Symington's State Department office; and he has evidence that an antecedent, William Symington of Scotland, invented the steamboat and that Robert Fulton pilfered the old man's blueprints.

The list of Jimmy Symington's qualifications as an eminent symbol of protocol seems endless. His father is Sen. Stuart Symington of Missouri and his mother sang as one of the first "Society Night Club Singers" in several fancy New York after-dark spas; his wife has taught and composed music; and he followed a brief career as a professional folk singer performing in some of the same night spots in which his mother had appeared a generation earlier, accompanying himself with a guitar.

But Symington, who has just turned 40, is a model of the versatile American. As a practicing lawyer, he has served in the Justice Department and was executive director of the President's Committee on Juvenile Delinquency and Youth Crime. And he has lectured on such topics as "The Vocation of a Christian Layman." Only in his handsome appearance does he qualify as an updated version of Fitzgerald's rich idlers. With a suave charm and an ironic sense of humor usually directed at himself, he has further removed some of the starch from protocol.

"The chief of protocol out of his country is like a prophet in his own country—without honor or distinction," says Symington, recalling how he was blocked off from his limousine during President Johnson's appearance in Seoul, Korea, last year. LBJ had finished speaking in the public square, and as Symington tried to make his way to his car, he was stymied by what he remembers to be "40 Boy Scouts, 30 Girl Scouts, 100 policemen and a million Koreans. So I started trotting with them behind the motorcade, alongside a business man, school girls, cops, grateful that I had done my exercises religiously.

When the motorcade slowed up half a mile later, I continued running but couldn't find my car. A man leaned out the window and asked, 'Would you like a ride?' It was Dean Rusk, and I was grateful, even though caught in a somewhat undignified situation."

• • •

On one of his first assignments, escorting an African head of state into the White House, Symington almost led the guest into a coat closet. It remains one of his harrowing memories. Once when asked to describe a nightmare protocol situation, he displayed his ready wit with the reply that it would be a visit by "someone from the moon," with its attendant problems of "where to put him in the receiving line . . . what he eats, etc."

The Chief of Protocol has to be loose, flexible and inventive on occasion, as shown by Symington's experience with Soviet Premier Aleksei Kosygin. When the Russian leader and President Johnson were meeting at Glassboro, N.J., LBJ suggested that in a one-day interval between their two sessions, Kosygin might like to visit some American site. It was a spur-of-the-moment invitation, and Kosygin accepted and chose Niagara Falls.

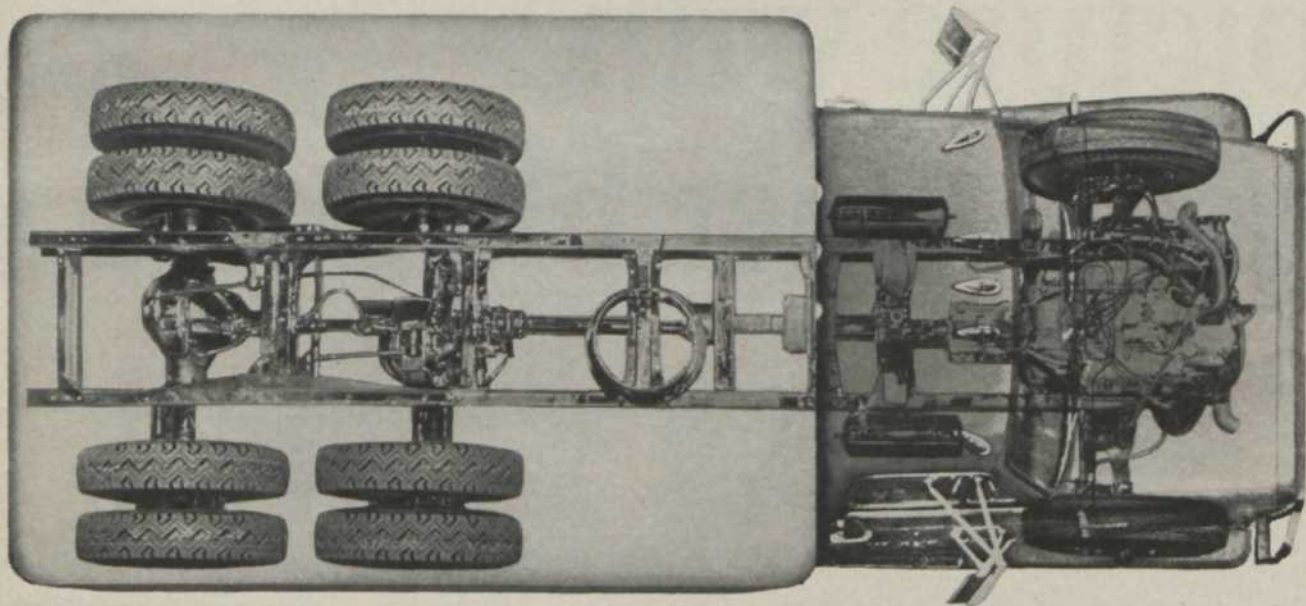
Symington was advised at 10:00 p.m. of the night before the trip while attending a party in Washington. He spent much of the night on the telephone trying to get arrangements made, and at 6:00 a.m., he was enroute to New York with an assistant, the only two passengers aboard Air Force Two, the President's backup plane, to pick up Kosygin. Symington was told to expect 12 persons, but when Kosygin's party appeared at the airport, there were 45!

• • •

In Niagara Falls, Kosygin asked the mayor if he might see a power station, and the mayor quickly assented. The Soviet leader twitted Symington about protocol's failure to include a power station in his itinerary, and Symington replied that he hoped "to dramatize the more romantic aspects of the falls," drawing a laugh from Kosygin. To expedite the serving of lunch, Symington had commandeered a restaurant called "John's Flaming Heart," which could serve either steak or lobster. Symington thought it would save time and speed up the service if the non-English-speaking Russians were given a signal to tell the waitresses what they wanted. A slash of the hand diagonally across the chest meant steak; a crook of the forefinger signaled lobster. The whole party agreed to order that way, and Symington recalls that "I never saw such quick ordering in a restaurant."

As the chief liaison man between the U. S. government and some 120 embassies in Washington, Symington, along with his wife, makes a continuous round of parties, receptions and dinners. He has a simple prescription for survival: eat very little and drink virtually nothing. He finds it works. "My grandfather Wadsworth felt that cocktails were the greatest obstacle to conversation," he says approvingly. Since communication is the name of the game, he follows his grandfather's advice with notable success.

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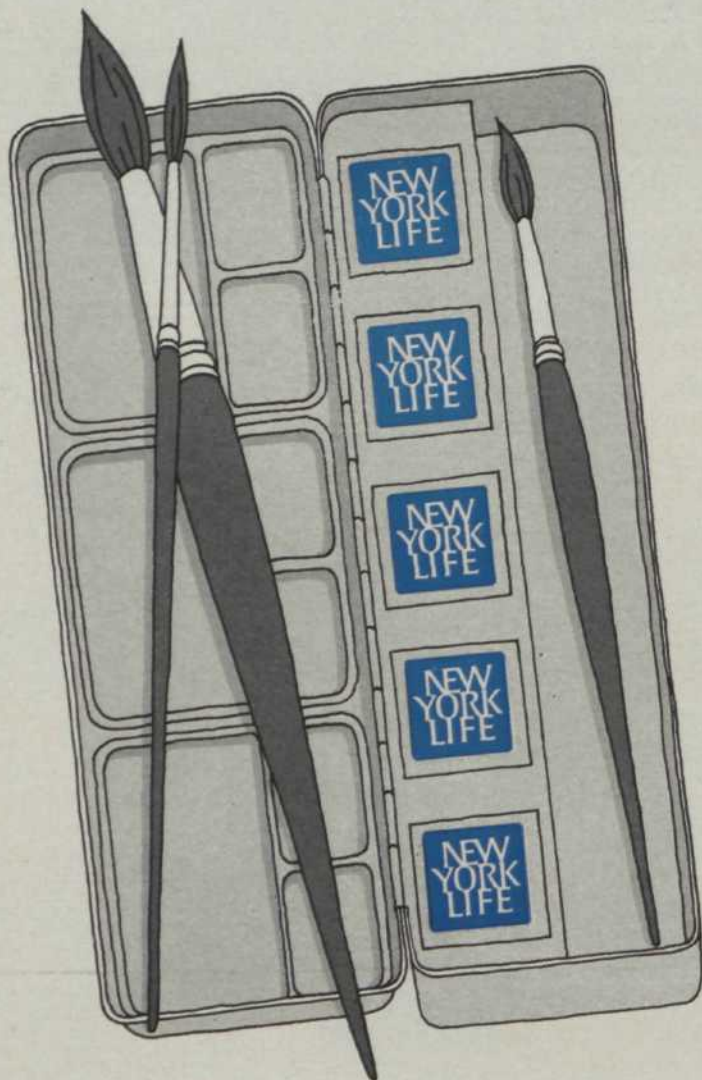
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Of sovereigns and spendthrifts

BY FELIX MORLEY

When I was a small boy my mother took me one summer for a long visit with her English parents. They had retired to a little town some 30 miles north of London and I often went with my grandfather, a patriarchal figure with a long white beard, for walks to local points of interest. He would introduce me as his American grandson, which both pleased and embarrassed me.

One morning he said that he must "replenish the revenue," which meant nothing to me until we stopped at the bank, a modest little building at the crossroads in the center of town. There the old gentleman wrote a check and handed it over to the only teller. "In sovereigns, please," he said. "I want one for my grandson."

Fascinated, I watched the clerk take a little wooden shovel, dig it into a concealed receptacle and then pour a stream of beautiful gold coins onto the polished counter at the height of my nose. Deftly he counted a number of these, scooped the remainder back, slid the withdrawal into an envelope and handed it to my grandfather, who extracted one and placed it in my receptive hand. "It's the Fourth of July," he said, "and this will help you to celebrate."

• • •

I soon surrendered ownership of that golden sovereign. But its remarkable beauty, with the lively representation of St. George spearing the dragon from his prancing steed, is still a vivid memory. It came to the fore when the ragged old paper pound was again devalued. St. George didn't win after all, I thought. The dragon of a constantly depreciating currency has unhorsed him for the third time.

Some years after this episode of 1904, when I came to study the intricate subject of money, I asked my economics professor why gold coin circulated so much more freely in England than here. "The commerce of Britain," he said, "depends on the stability of the pound. Therefore they emphasize that paper currency is at all times exchangeable for gold. We are

not nearly so dependent on international trade as are the British and gold coins can be inconvenient to carry. Of course, here as in Great Britain, you can also get gold for the equivalent in paper, whenever you want it."

A decade after my brief possession of that sovereign came the first World War. It was impossible for the original belligerents to finance this protracted struggle either from savings or from income. Therefore the exchange of gold for banknotes was terminated. Aside from small coins, from which even silver was



PHOTO: COURTESY JACK O. KING

These old British gold sovereigns bore the likeness of King Edward VII and St. George slaying the dragon.

soon to disappear, inconvertible paper became the only currency medium. In effect, Europe ceased to live out of its current production, substituting dubious drafts on a very uncertain future.

It took a long time for Britain fully to accept the fatal policy of piling up the bills for posterity to pay. Much of the nation's gold had been drained to the United States to pay for food and munitions but great sacrifices were made to keep the pound at its old par value of \$4.8665. Until 1933, when President Roosevelt abandoned the gold standard, forcing those countries which had not already devalued to do so, there was hope that the old system could be restored.

Even after the United States raised the price of gold to \$35 an ounce, meaning a dollar devaluation

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

of 41 per cent, the international gold standard could have been restored at that higher price. President de Gaulle argues it would still be possible at perhaps double the \$35 figure. But in the thirties national or imperial self-sufficiency was the order of the day. The second great war was shaping up to complete the monetary disruption so well started by the first. And in 1949, shortly after its conclusion, the pound was devalued for the second time.

• • •

Meantime the New Economics was being preached, to make a virtue of necessity. Its monetary thesis, in the words of archpriest John Maynard Keynes, was that gold had become "a barbarous relic" from which money could and should be divorced. To President Roosevelt monetary use of the yellow metal also seemed a "fetish" of international bankers. The net of such well-promoted attack was to portray inconvertible paper, managed as each independent government sees fit, as a desirable monetary system. The great advantage of this, as seen by those in political power, was to remove the effective controls on governmental expenditures which the international gold standard had provided, in time of peace, for generations.

Many people have now forgotten how simply and easily this financial discipline worked. When the national currency unit—dollar, pound, franc or what not—was tied to gold at a fixed exchange rate, each was thereby automatically tied to the others. For travelers it was simplicity itself. You could leave London, for instance, without any foreign money, obtaining that for gold or paper pounds, at a fixed exchange rate at almost any frontier. The contrast must have been sharp for those English tourists who, just before the recent devaluation, found their travelers' checks refused at Continental bureaus of exchange.

In international trade, especially, the old system worked admirably. There was then no balance-of-payments problem. If a country habitually spent more abroad than it received from others, gold bullion would be shipped to the creditors to keep the accounts in balance. But the shipments were seldom for more than a trifling amount, since otherwise the currency redeemability of the gold-exporting nation might be threatened. And any country where this redeemability was questionable became thereby a dubious credit risk, not merely for bankers but for all engaged in any form of international operation, including tourists.

So trade, counting all international services and remittances as such, had to remain in over-all balance. Now it is asserted that there is no longer enough gold to restore the vanished arrangement. But that is to overlook the fact that the bullion actually exchanged between trading nations was in normal times never more than a negligible percentage of the value of their international commerce. The real objection of most governments to the old gold standard is the control over their spending policies, and therefore over their

freedom of action, which it exerted. Partly because the subject is complicated, it was for a long time possible to conceal the danger to financial stability involved in abandonment of the international gold standard. Through the International Monetary Fund and other novel agencies, the convertibility of national currencies, not for gold but as between each other's paper, was gradually stabilized. But the financial and psychological upheaval since the last devaluation of the pound reveals the precarious nature of the arrangements fostered by the New Economics. In the sober words of the *Morgan Guaranty Survey*:

"What has happened demonstrates that the elaborate central-bank defenses which have been erected to counter speculative flare-ups in foreign-exchange markets are inevitably limited in effectiveness once international confidence in a currency is deeply shaken."

Loss of confidence in the pound has surged over to weaken the much stronger dollar, as the speculative attacks against it all too clearly reveal. In both cases the basic reason is the same. In spite of the New Economics, no country can successfully dodge the disastrous results of continuous deficits in its international transactions. One reason why Hanoi holds out is its knowledge that we no longer have gold coverage for foreign claims against the dollar, at current valuation.

• • •

There is a deeper and also serious trouble that stems from the loss of restraint on governmental spending provided by the old gold standard. The control of the legislative body in fiscal matters is gravely weakened by the New Economics, even when the Parliament, or Congress, still nominally has the power of the purse.

Thus we see Congress today demanding severe cuts in the Administration's reckless spending as the price of voting additional tax increases. Under present circumstances the head-on collision is fully justified, but in the national interest it would have been better to avoid the clash. And under the old dispensation, deficit spending, as soon as it threatened dollar stability, would have been almost automatically restrained.

Possession of the power to manage irredeemable paper currency does not mean that the manipulation will be done wisely. Indeed most of the evidence is to the contrary. For that reason it is well to look behind the easy assurances of political magicians who are only apparently able to pull rabbits from their top hats. Our margin of safety is in nearly all respects far greater than that of Britain. But the roads of casual and uncontrolled governmental financing lead eventually to the same morass, though some may be shorter and run more steeply downhill than others.

That is what those who have been turning their dollars into gold are telling us. And if it is mere superstition to desire the precious metal, in preference to depreciating paper, at least the credulity is longstanding and deep-rooted. It is many years now since anyone offered me a golden sovereign. But should somebody care to do so, I will keep it.

If barbaric, the metal is, even so, more trustworthy than the assurances of politicians.

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IMPERIAL



The mistakes that may lose the war

BY ALDEN H. SYPHER

Even in this land so beset with dissent, confusion and angry differences of opinion, one man certainly must merit national unanimity in recognition of his superb handling of the war.

Seldom is heard a disparaging word of his conduct, in sharp contrast to the withering cross fire aimed at President Johnson by home front guerrillas.

That is Ho Chi Minh.

Recall for a moment a news dispatch from South Viet Nam:

"North Vietnamese mortars turned the big United States Army center at Dak To into an inferno of exploding ammunition and sheets of flame yesterday.

"Three times the North Vietnamese pounded the military complex in the Central Highlands, blasting the airfield, destroying two C-130 transport planes and damaging a third, blowing up an ammunition dump and forcing the evacuation of a nearby militia camp run by the United States Army.

"The whole valley appeared to be in flames."

The evacuated militia camp was a school where guerrilla warfare experts of the United States Army Special Forces were teaching South Vietnamese soldiers various ways to chop Charley to bits, or at least send him screaming northward.

The mortar attack was not in the curriculum.

• • •

Like so many battles that keep nearly 500,000 American troops terribly busy in a bloody war so far from home, it seemed hardly possible that this was the work of skinny little men whose principal occupation, aside from war, is tending rice paddies.

There was nothing agrarian about this attack, nor countless others like it. It was well planned, adequately supplied, perfectly timed and effectively executed.

For weeks American supplies and reinforcements had been pouring into the area. The timing of the attack indicated excellent intelligence.

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

Dak To was an ideal target when the first mortar barrage struck at 8:45 in the morning. The second barrage came that afternoon at five o'clock. The third started at 9:00 p.m. It went on into the night, then into days, then weeks.

Whatever skill, force and equipment the Americans had in Viet Nam on that day, they didn't have what it takes to silence those mortars. Nor did they for a long time thereafter. This was the start of a major North Vietnamese offensive.

In the 20 days following that start, 246 Americans were killed and 860 were wounded. More died and more were hurt, some terribly mangled, as the bloody battle thundered on.

This was the work of Ho Chi Minh, a man who somehow escapes the criticism of the violently vocal anti-war protesters in this country. A man with an almost incredible skill in making the most of what he has.

He has very little, compared with the richest, most powerful nation in the world.

His is an undeveloped nation, while ours is so highly developed we can send a vehicle to a perfect soft landing on the moon, and then move it about by radio command.

He has allies, but what have they that we do not have already?

He has General Giap, one of Asia's finest military minds, as his Minister of Defense. But we have had a Secretary of Defense whose mind often is described as a computer, and sometimes as a cash register.

His country covers only 62,000 square miles, less than a quarter of the area of Texas, the home of this nation's Commander in Chief.

It is considerably less than half the size of Montana, the home of the commander's party chief in the Senate, who also is one of his most outspoken critics on the conduct of the war.

The population Ho presides over is only 16,200,000, according to an estimate made a few years ago, and dispatches tend to indicate it has not gone up since.

This compares with more than 200,000,000 persons in the United States. And while we're producing tech-

TRENDS: RIGHT OR WRONG

nical miracles, such as multi-purpose swing-wing fighter planes, within an ever increasing gross national product, Ho Chi Minh presides over an ox-drawn economy whose chief products are rice and coal.

All of which makes more astounding his ability to bring the might and the majesty of the United States to a crawl, if not to a stop.

Such incredible skill suggests invincibility.

But that Ho Chi Minh does not have. He's made a mistake. Perhaps a serious mistake. Possibly the kind that may lose a war.

He has greatly overestimated anti-war sentiment in this country. So much that he has concluded it is worth special encouragement. Which indicates his growing belief that dissenters in America will help him win the war in Asia.

Toward that end a committee of the National Lib-



If Ho Chi Minh thinks protest marchers at the White House insure his victory, he may be badly mistaken.

eration Front, the political arm of the Viet Cong, has been formed to develop ties between Charley and Americans who oppose the war.

"The liberation struggle of the South Vietnamese people, the struggle of the people against the Johnson government's policy of aggressive war, and the world people's struggle against United States imperialism to defend peace are all closely related," the Viet Cong radio said in disclosing the new committee and its aims.

"The American people's movement against the United States war in Viet Nam has drawn more people of various strata—youths, students, women, colored Americans, intellectuals, cultural and art workers, religious people, working people and businessmen," the radio continued.

"This movement gives strong expression to its firm resolution of demanding that the U. S. government end its war in Viet Nam."

Does this mean that the President of North Viet Nam is becoming convinced he cannot win the war by fighting it?

Or is he enchanted with the thought of a much quicker and cheaper victory by American pullout?

The latter is the safer bet, since Ho Chi Minh is

the world's most successful warmonger by almost any measure.

The fact that he is attempting to organize such a collapse on the home front suggests very wishful thinking.

• • •

Ho and his Hanoi friends must have been delighted to read or hear about the Boston preacher who encouraged 50 or so uncertain youths to give him their draft cards, and who then led this unctuous little group on a half-mile march to Boston's Federal Building in an unsuccessful attempt to turn the cards over to the government.

But was Hanoi so amused that Ho failed to see or hear the rest of the story—that more than 1,000 persons pelted the anti-war marchers with derision and snowballs?

Didn't they notice that these war protesters were so unpopular that mounted police had to use force to protect their right to demonstrate against the use of force?

Perhaps the oriental mind, which we sometimes have great difficulty in understanding, doesn't readily comprehend correctly some of our actions.

It would be a mistake to think that Cassius Clay, the former prizefighter who, as a preacher, tries to avoid service to his country, or that some of our more virulent racists, represent the attitudes of the American Negro.

Particularly when they are doing more than their share of the fighting, often in heroic fashion, in Viet Nam.

Just as it would be wrong to accept as typical the outburst of a Williamsburg preacher who challenged the President of the United States as he sat in a front pew in his church, in what one Williamsburg official described as "exquisite bad taste."

Particularly when a week later another preacher said to the President: "We are grateful for your presence. We realize that you have a very difficult task and we want you to know, sir, that you not only have our understanding and sympathy for the burden God has placed upon you, but also assurance of our prayers, day after day, that God may inspire you and help you."

• • •

Hanoi radio has not yet disclosed what means the new committee will use to encourage collapse of the American home front, or how members will develop ties with the Americans who are giving "strong expression to . . . firm resolution of demanding that the U. S. government end its war in Viet Nam."

If you really want to hear from Ho, try forming a peace committee, go where the Secretary of State is invited to talk and shout and stomp so he can't be heard.

It's likely you'll find a friend in Hanoi.

But don't count too heavily on Ho. He's old and ill, and he's finally making mistakes.

So far he has mistaken dissent for division, impatience for frustration, idiosyncrasy for normalcy, exhibitionism for decay, noise for influence and politics for moral conviction.

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LEADING BUSINESSMEN FORECAST:

EVERYTHING'S HEADED UP

More of almost everything. That's what business leaders are predicting for the economy as the new year begins.

More inflation—fueled by *more* government spending as elections near, *more* generous labor settlements, *more* costly equipment and raw materials, and, as a result, *more* price increases.

More taxes—on income and property, and for social security benefits.

More expensive borrowing—as interest rates climb.

More sales—with consumers slowing their rate of savings and with automobile makers and suppliers recouping strike-deferred sales.

And, *more profits*—as more businesses reap the benefit of foresighted plant expansions, higher sales and higher prices.

But for some, profit margins will narrow even as total profits increase.

This "more of almost everything" prediction is the consensus—not unanimous, to be sure—of more than 300 business and financial leaders responding to the latest NATION'S BUSINESS quarterly Outlook Survey.

Most of the executives are more certain of this prognostication for

the first half of the year than for the second. For, in addition to catch-up auto sales, the months immediately ahead will be stimulated by inventory stockpiling as a hedge against a possible summer steel strike.

Most of these executives are either president or chairman of their enterprise and have, over the 12 years we've surveyed them, predicted the twists and turns of the economy with considerable precision. Back in 1956, some of them foresaw the recession that actually developed the next year; many predicted the boom that began in early 1961; they foresaw the profit squeeze of '67.

There's wide agreement that the economy in '68 will improve over last year. Eight of 10 executives responding predict it.

"We expect higher consumer spending, together with higher government expenditures and some increase in business spending," comments Arjay Miller, Ford Motor Co. president. He expects a "strong advance."

Dudley Dowell, president of New York Life Insurance Co., agrees the advance should be strong, especially in the first half because of catch-

up auto sales and steel inventory building. He adds: "The small recession in the private economy seems to have ended."

There are clouds aplenty hanging over this optimism: A far-off but costly war; wage demands that in many cases outrun productivity gains; tight money, to name only a few.

But some of the obstacles that characterized the year just ended have at least been lowered. The inventory correction, which held down new orders last year, is complete for most industries. Business is betting the consumer has thrown aside much of his restraint. Demand for houses, despite hard-to-get and expensive mortgage money, can only go up.

And business can expect plenty of stimulation from all levels of government—even with a tax increase—because it's an election year.

A closer look at the responses shows that of the 80 per cent expecting an improvement in business generally this year, 72 per cent expect the gain will be "moderate" and eight per cent think it will be "strong."

"Strong consumer demand and deficit spending by government"

More than ever, business is affected by federal legislation, regulation and court interpretation.

What will have greatest effect on business in the future, and why? This is the question NATION'S BUSINESS put to top business executives in our Quarterly Outlook Survey. Here is a sampling of their answers:

In the opinion of M. J. Warnock, chairman of Armstrong Cork Co., the tendency of regulatory bodies to rewrite law with their decisions is "a growing threat to our legitimate legislative and judicial processes and an expanding harassment to business generally."

To William Bynum, chairman of Carrier Corp., the most significant development is the "attitude of the courts on crime and law and order." He is fearful that "reasonable boundary lines have been destroyed, and unless they can be reestablished, business and society will suffer."

Chairman John S. Fangboner of the National City Bank of Cleveland believes the most significant government trend is a "growing reliance on aggressive fiscal and monetary policies aimed at full employment and rapid growth." He adds that "this will tend to make the economy move ahead more rapidly, but it also will make creeping inflation a bit more of a problem than previously."

"Regulations" and "legislation" by the Supreme Court disturb Walter L. Rice, president of Reynolds Mining Corp. He accuses the court of being "pro-labor, procriminal and anti-business."

Charles J. Zimmerman, chairman and chief executive officer of Connecticut Mutual Life Insurance Co., sounds a happier note. He cites the Kennedy Round of tariff cuts under the Trade Expansion Act. It's his view that "if these cuts stick, they will increase business nationally and internationally, will restrain rising prices and inflation and will force increased efficiency."

The seven per cent investment tax credit will

continue to aid capital spending, responds W. F. Wheeler Jr., president and chairman of American Chain & Cable Co., Inc. But on the other side of the ledger, he cites the acceleration of income tax payments which create a cash shortage for business and the "uncoordinated regulatory, investigative and jawbone assaults on business."

James Kemper Jr., president of the Kemper Insurance Group, says "the biggest thing is the growing realization of leading liberal opinion-makers that many jobs in the 'public sector' can be done best by private enterprise in partnership with federal and local governments."

"Inaction, rather than action [in tax legislation], will have the greatest effect." That's the reply of the chairman of a nationwide corporation, who asked not to be quoted by name. He feels that we're paying the price of inflation now because taxes weren't raised two years ago.

Others feel that the Justice Department and the courts are penalizing efficiency and actually restricting competition when they knock down some corporate acquisitions.

C. W. Macune, president of Westronics, Inc., a Fort Worth, Tex., instrument manufacturer, believes rulings by the National Labor Relations Board "which contribute to further union power and abuse, will have the greatest detrimental effect on business."

The head of a major chemical producer contends that the "voluntary" guidelines which affect overseas spending by U. S. businesses will have a long-term negative impact. He agrees that for the short-term, this policy may make our balance of payments situation look less serious. But longer-term, it will make us less competitive abroad, thus contributing to the payments deficit.

Increases in social security taxes are "sharply increasing" the cost of doing business. This is voiced by more than a few executives.

will bring a moderate improvement, responds Sterling T. Tooker, president of The Travelers Insurance Companies. But this will be accompanied by a "rapid increase in price levels," as Mr. Tooker sees it.

He expects prices will rise three to five per cent over 1967, and warns: "The vigorous countermeasures that were not taken in 1966

and 1967 will become imperative in 1968."

Fourteen per cent expect a leveling off this year.

Henry C. Coleman, chairman of the Commercial Bank at Daytona Beach, is of this mind because of the profit squeeze he sees continuing, caused mostly by labor demands and strikes.

Only five per cent expect a de-

cline from 1967, and one per cent offers no reply.

Inflation a big worry

The generally optimistic mood, though, is tempered by broad concern that inflation is the biggest problem facing the economy, and that it will worsen in the coming months.

"We're finding out the hard way

that the economy can't provide both 'butter and bullets' without seriously straining itself," is the way one industrial board chairman puts it.

Agreeing that inflation is the No. 1 problem, W. M. Cameron, Rath Packing Co. chairman, sees it worsening "unless a now unforeseen solution is found in Viet Nam." And while he believes business generally will improve this year, it may be more apparent than real because of inflation.

Asked the question, "In your opinion, what is the biggest problem facing the nation on the economic front?" 60 per cent of the executives said "inflation." And that figure jumps to 77 per cent when you round in such related answers as "federal budget deficit" and "loss of control of fiscal affairs."

To Fuller Brush Co. Chairman Alfred C. Fuller, the problem is three-pronged: "Increased labor costs, inflation and balance of payments deficit."

Questionnaires for this latest quarterly Outlook Survey were prepared before Britain devalued the pound and before the U. S. Federal Reserve Board upped the discount rate which it charges member banks for borrowings.

But most of the replies came in after the action and reflected opinions based on it.

E. Hornsby Wasson, Pacific Telephone & Telegraph Co. president, is another who cites inflation as the big problem and thinks it will get worse. And most others who answer, "inflation," agree that it will grow.

The reasons, as Collier Wendelroth, Jr., president of O. K. Feed

auto union and new increases in the minimum wage.

President Robert A. Hornby of Pacific Lighting Corp. comes down

J. S. Mack, chairman and president, G. C. Murphy Co.: Business will improve despite federal government's "inability to maintain consistent economic policy."

even harder. While he expects a modest improvement in the economy generally, he warns that inflation will be "much worse."

Eugene C. Zorn, Jr., senior vice president and economist for Republic National Bank of Dallas, is more hopeful. While noting that the federal fiscal problem is "so pervasive and intimately related to both international and domestic problems of a long-run nature that it obviously cannot be solved in a single year," he thinks the picture will brighten.

Why?

"For the first time in recent history the fiscal problem has been brought dramatically into public focus . . . There are limits to our human and material resources, and a clearer understanding seems to be developing that these limits cannot be circumvented by fiscal irresponsibility."

Business countermeasures

In the survey questionnaire, the executives were also asked, "What will your business do, if anything, to fight inflation in 1968?"

"Do the best we can to maintain productivity," responds David Packard, chairman and chief executive officer of Hewlett-Packard Co.

There's wide agreement among the executives that the basic means of fighting inflation lie in the area of federal monetary and fiscal policy. Says one: "Private enterprise can do little more than compete effectively in the marketplace, and, in so doing, attempt to minimize unit costs."

Richard H. Rich, board chairman of Rich's, Inc., department stores, is of this mind. "There is very

little an individual business can do," he says, adding that from a retailer's standpoint, price increases on primary commodities and manufactured goods can't be absorbed; they must be passed on.

Some of the respondents say that in addition to trying to hold the line on costs and prices, they continually communicate the ills of inflation to those in Congress and other branches of government.

Others say they'll import into the United States more of their production from overseas plants.

And the head of one large industrial corporation, asking not to be identified by name, says he will cut prices by two per cent.

Sales outlook

In addition to being asked about the economy generally, the business leaders were asked about the outlook for their own sales, prices, profits, wage costs and investment.

The sales outlook is strong. Eighty-two per cent of the executives responding expect volume to

Ending the Viet Nam war would strengthen economy by lessening present excessive demands, says Arjay Miller, president, Ford Motor Co.

High government and consumer spending, renewed growth in investment will cause a rapid expansion, predicts M. L. Haider, chairman, Standard Oil Co. (N. J.).

Mills, Inc., Fort Smith, Ark., views them, are an unwillingness or inability to cut government spending enough, a pattern for "very generous wage increases" set by the

surpass 1967's. Of these, 72 per cent predict the increase will be moderate, and 10 per cent think it will be sharp.

Much of the increase, businessmen agree, will come as consumers slow their saving and speed up their buying, and as companies move into new markets as the only way to make a profit in the face of rising costs.

Eleven per cent predict a leveling off of their sales in '68. Some of these doubt that consumer spending will be very exuberant, particularly on big-tag items where the interest charges will be steep.

Four per cent look for a decline from '67 and three per cent offer no reply.

Indications are that price increases will be more widespread

than in recent years. They're being pushed up by costs the businessman can't absorb: higher social security taxes; higher taxes at the state and local level and expected higher levies on income; wage demands and settlements that exceed productivity gains.

Nearly 60 per cent forecast higher prices this year than last.

Alfred Brittain, III, president, Bankers Trust Co., expects strong advance in the first half, slower gains in second.

Another 14 per cent say some will go up, some down and 25 per cent will hold them steady. Two per cent say they'll lower all price tags.

Profit outlook brighter

Total profits will perk up this year, as greater efficiency takes hold. A number of the executives forecasting higher profits say that, except when compared with last year's, they're not all that great. The margin may, in fact, be smaller.

Fifty-one per cent say the total will be up from '67, while 37 per cent believe it will hold steady. Nine per cent predict a decline, and three per cent offer no answer.

The business leaders were also asked by what percentage they expect their wage costs, including

cost increases of more than seven per cent. Seven per cent say the rise will be less than four per cent, and nine per cent offer no reply.

On spending for capital investment, 41 per cent of the executives say they'll hold closely to last year's level. Thirty-three per cent say they'll step up such spending and 23 per cent say they'll slow it down. Three per cent give no answer.

Nine out of 10 expect a surtax on personal and corporate income will be enacted this year; one in 10 says, no. But opinion is sharply divided on the effect higher income taxes would have.

Split on tax hike

Some see them as absolutely necessary to combat inflation, to pay at least part of the nation's overdue bills, to cut into the budget deficit a bit. Others say they're needed to take at least some of the pressure off interest rates; otherwise, they warn, only the wealthy will be able to afford to borrow.

But others warn that raising taxes is the wrong medicine, that it will make American products less competitive abroad and thus deepen an already deep balance of payments deficit. Others predict that the increased cost of higher taxes will cause layoffs of the least-skilled workers, pushing up the unemployment rate.

These least-skilled workers are just the ones the federal government and private enterprise have been trying so hard to keep employed so that last summer's rioting won't flame up again.

"Pass the tax increase, and I can promise you the hottest of hot summers," says one economist regretfully.

After Viet Nam

What effect would an end to the hostilities in Viet Nam have on this country's economy? NATION'S BUSINESS asked. The predominant reply was a temporary slowing down followed by a healthier, better-balanced advance.

Birny Mason Jr., board chairman of Union Carbide Corp., gives this detailed answer: "A very short dislocation of manufacturing activity, particularly in textiles, fabricated products for arms and supply items; a release of shipping; a change in demand for military aircraft, including helicopters; some

improvement in the balance of payments position."

But, he adds: "A continued outgo will be required for a considerable period to support and build up the Southeast Asia economy." For the longer term, he sees the "very healthy effect" of reduced inflationary pressure.

Agreement comes from E. B. Hathaway, president of Firestone Tire & Rubber Co., who notes that labor and capital could be turned more toward productive enterprise.

There's little feeling that government spending would really slow; just that it would be channeled more into domestic programs. And there's considerable feeling that the lifting of the Viet Nam uncertainty would trigger a boom in consumer confidence. "Look what happened after World War II and Korea," reminds one.

An end to the hostilities would be "very beneficial if the U.S. checks the advance of communism; that is, wins the war," comments President J. W. Barriger of the Missouri-Kansas-Texas Railroad. "To withdraw other than on our terms would be another Munich and invite communization of Asia

"In spite of Viet Nam, the general economy is sound"—J. W. Crosby, Thiokol Chemical Corp.

Walter E. Hoadley, senior vice president, Bank of America, forecasts a surtax this year, says, "Delay may have an undue depressing effect."

fringe benefits, to increase this year. Seven out of 10 of the replies fall in the four per cent to seven per cent range.

Fourteen per cent predict labor-

and Africa, and probably make World War III inevitable," he adds.

Robert P. Gerholz, president of Gerholz Community Homes, Inc., and chairman of the executive committee of the Chamber of Commerce of the United States, says the increase in unemployment would be only temporary.

George Olmsted Jr., chairman of S. D. Warren Co., and F. Ritter Shumway, chairman of Ritter Pfaudler Corp., a diversified manufacturer, agree that a short downturn would be followed by a good pickup. Many executives who favor a tax increase now, favor a tax cut once the war's damped down. **END**

★ PRESIDENTIAL POSSIBLES ★

WHERE THEY STAND

Americans almost invariably re-elect their Presidents—unless the incumbent has gotten himself into a boiling pot of trouble.

As some view the American political scene, this might be one of those times when a President does not get another chance.

Lyndon B. Johnson's troubles over Viet Nam, civil rioting, rising prices, spending, taxes and dissension have put him in hot water, many voters believe.

A multitude of candidates either have announced they will seek nomination, or appear to be waiting for the propitious moment, and they are not all Republicans.

Democratic Sen. Eugene J. McCarthy has now leaped into fratricidal combat.

In Alabama there's former Gov. George Wallace—Democrat in back-yard politics, independent-states rightist in national politics.

Liberal Republicans live in mortal fear that Republican Gov. Nelson Rockefeller means it when he says he is not a candidate. But if he doesn't get into the Presidential race, there are a stable full

of other G.O.P. entries. Many Republicans hope that Richard M. Nixon scores well in the primaries beginning in New Hampshire in March. They also hope he can cash in enough chips with professional politicians he has befriended to bring off the nomination.

Then there's Gov. George Romney of Michigan, an announced Republican candidate.

Gov. Ronald Reagan of California, says he is not a candidate—but he commands a growing band of followers.

Sen. Charles Percy of Illinois, meanwhile, looms as a possible candidate, among the dark horses and favorite sons.

NATION's BUSINESS sent editors out to interview the leading candidates and Presidential possibles. They answered fully on the business, economic and other issues of greatest interest to businessmen.

Only Governor Rockefeller declined to be interviewed. He's not a candidate, he insists. President Johnson's views were in the December issue of NATION's BUSINESS.

On the following pages are verbatim interviews with the others.

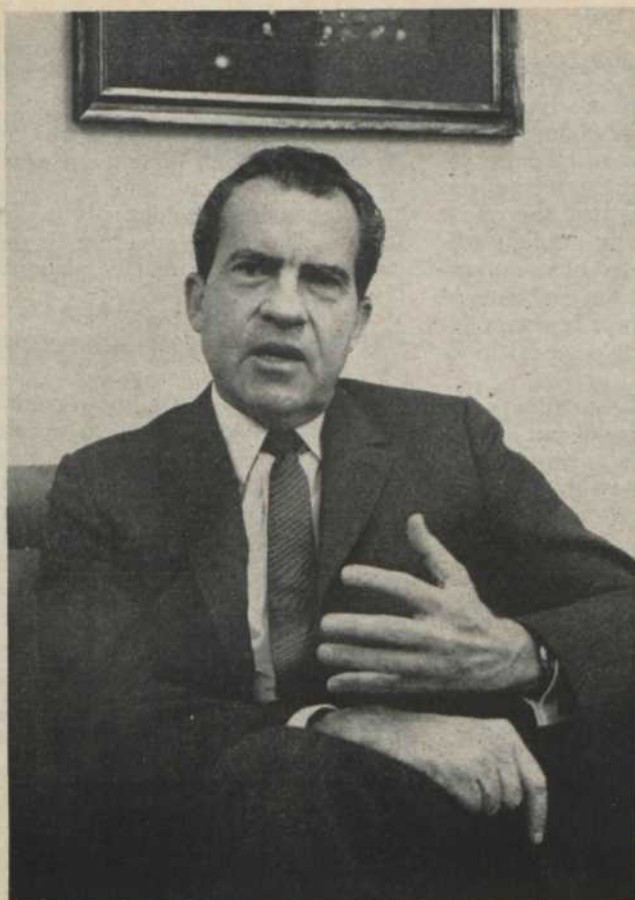


PHOTO: WERNER WOLFF—BLACK STAR

Richard M. Nixon

CAN THE NEW NIXON MAKE IT?

Richard Milhous Nixon is widely acclaimed as the man, other than President Johnson himself, who has the most qualifications to become our Chief Executive and Commander in Chief.

Mr. Nixon has been a member of the House of Representatives, the Senate and he was Vice President under General Eisenhower for eight years. He is a successful lawyer, an accomplished debater. His family and military service are solid assets for a candidate for public office.

Mr. Nixon also is the man more Republicans owe favors to than any other candidate. He has rushed to their aid hundreds of times to raise funds and when their own campaigns weren't going well. He can be expected to cash in these chips this year.

But Mr. Nixon has the taint of a loser. It springs from his narrow defeat by John F. Kennedy in 1960 and his loss in the 1962 California gubernatorial race. Today Mr. Nixon's manner has relaxed and he exhibits a warmer approach.

Whether he is a loser or not will be determined this election year. Mr. Nixon has done everything except say flatly he is in the race for the Republican nomination. His

teams have been out whipping up support in New Hampshire and other states where important primaries will be held. He says privately that he must score well in these pre-election balloting or see his chances for the nomination vanish.

To every question, Mr. Nixon has a ready, thoughtful answer, as the following interview with NATION'S BUSINESS shows:

TOP ISSUES

Mr. Nixon, what do you think the top issues in the coming Presidential campaign will be?

In addition to the issue of peace abroad there is the issue of peace at home. Crime has been rising at a rate six times as fast as population; there is a growing disrespect for law, and increased use of violence in public protests and widespread civil disobedience.

What does the United States need most right now?

New leadership that will provide a new sense of national purpose and direction.

As you travel around the country, you find that even during this period of relatively high prosperity people are frustrated about the war

and our foreign policy generally; frustrated about the problems of our cities and the growing disrespect for law; frustrated by the problems that are caused by the mismanagement of the economy.

But apart from these specific issues, what is most disturbing is that you find an increasing number of people in both parties who no longer believe what their leaders in Washington tell them.

By the fall of 1968 the war in Viet Nam may have cooled off; the cities of the nation may have gone through a "cooler" summer; but one prediction can be made now which will be true then:

The American people will be confronted at that time with a dramatic rise in prices, a rise in taxes, a rise in spending and a tremendous squeeze on the family budget.

The mismanagement of the nation's economy could be the decisive voter issue in 1968.

If the United States is going to lead effectively abroad and deal with our problems at home, we simply have to restore the confidence of the American people in our leadership.

LAW AND ORDER

What can be done immediately to

bring civil order back to our society?

First we must increase the number of police and improve their quality so they can deal firmly and effectively with civil disorder.

Going beyond that, looking to the heart of the problem, it is vital to restore a sense of respect for law at all levels of our society.

For example, the fashionable idea in some circles is that individuals should have the right to determine which laws are good and which laws are bad and that they should obey only those laws that they like. This is a major problem which must be dealt with through our educational system, in the homes, the churches.

The idea that, when a crime is committed, we should blame society rather than the criminal is another cause of the disrespect for law.

There are, of course, some technical causes—the court decisions which have weakened the police forces against the criminal forces.

I think what we need is an all-out offensive to strengthen law enforcement agencies, strengthen law enforcement tools and above all go to the heart of the problem by re-instilling in the young people knowledge as to why respect for law is essential.

I do not go along at all with the doctrine that violence is justified if you are protesting for a good cause. The idea that if an individual is protesting for peace or protesting for civil rights or protesting for better education that he is justified to engage in civil disobedience or violence is completely inconsistent with our whole American tradition of the rule of law. We must recognize that the American constitutional system sets up a method through which individuals can bring about change in a peaceful manner. Whenever we reject that principle, we attack the heart of the system itself.

I am for strong law enforcement, no toleration of violence whatever the protest may be. But on the other hand, that gets at only one end of the problem. We have to get at the causes as well as the effects. And on that score, there are the problems of educating, or should I say re-educating, the American people as to the sources of this nation's greatness, pointing out that every citizen has a stake in a society which respects the rule of law.

BUSINESS AND SOCIETY

Can you define the job that business

should do in solving social problems?

I am not one of those who believe that political leaders should spend their time preaching to business on what it should do for the good of the country. While it is true that most businessmen today are publicly oriented and motivated by an increasing concern for the problems of their community—their business decisions are still made on a business basis.

What government must do, in my view, through the use of tax credits and other devices, is to provide the incentives for business to move in on these problems of housing and jobs.

We can see all around us the tremendous innovating abilities of American business. What I am suggesting is that, by the use of tax reform and other mechanisms, government and business collaborate creatively in moving toward the solution of problems common to all of us that concern all of us.

SPENDING

How can inflation be slowed?

It won't be slowed down simply by raising taxes. Government spending is going to have to be cut. If we have an increase in both taxes—and spending—then we are going to have continued inflation. That is why in the past I have supported those in Congress who served notice on the President that they would withhold approval of the tax hike—until the President cuts government spending substantially.

The devaluation of the pound makes the need for fiscal responsibility all the more imperative. The pound was the first line of defense of the dollar; and I think that its devaluation has served notice upon the Administration of the severity of the fiscal problem in this country.

Should federal spending be hinged on the gross national product?

No. I know it is the fashionable line that as the gross national product goes up, federal spending should go up proportionally. But I believe the role of government should be determined not on the basis of some arbitrary formula but on the basis of what needs to be done to deal with specific economic and social problems and to assure maximum progress.

Only if what needs to be done cannot be done effectively by private enterprise should we turn to government.

Should federal wage-price guidelines be reinstituted?

They should be, but I see no possibility of their having any effect at this time. You can't ask labor and management voluntarily to control inflation when government policies have been primarily responsible for that inflation.

What needs to be done to keep business prospering?

The creation of a climate conducive to business requires many elements. First, there must be adequate credit available for business to prosper. Second, a fair and equitable balance must be maintained between labor and management. Third, in the field of foreign trade, the Administration has the responsibility to see to it that American products have equal access to foreign markets, and that American goods are not subject to unreasonable restrictions and quotas.

Should the federal government take further steps to protect consumers?

Competition in American business is the best protection our consumers can have. I believe that the role the federal government can play has been somewhat exaggerated. There are, of course, some areas, as for example, the automobile safety area, where a government investigation did bring about changes which might not have come through competition. This is a specific example of where government plays a proper role. But it seems to me that when government becomes too involved in putting business in a strait jacket, insofar as its marketing procedures are concerned, that we are moving onto potentially very dangerous ground.

LABOR RELATIONS

Do you foresee changes in labor-management relations?

Without question. I believe that will be one of the major functions of the Ninety-first Congress starting in 1969. The Congress must re-evaluate our labor-management legislation and bring it in tune with the times. The Taft-Hartley Act was written 20 years ago. It has been modified once significantly since then by the Landrum-Griffin Act. I think presently, insofar as it deals with national emergency strikes, it is obsolete.

I also believe that the NLRB has in some of its decisions moved considerably beyond the original intent

of Congress. I think this is an area that needs attention. I think it will probably be an area of debate during the 1968 campaign and eventually the nation will benefit by the restoration of a proper balance between the power of management and the power of labor.

FEDERAL-STATE RELATIONS

What can be done to improve federal-state relations?

I believe in the diffusion of power. Too much power is now residing in Washington and, whether it is the poverty program or the problems of the cities, we must make every possible effort to see that these problems are handled at the local and state level.

What may be useful here is continuing consultation, perhaps a new governmental institution, through which there is regular consultation between the governors of the states and the national Administration.

I believe that rather than having an annual appearance by the President or by Cabinet officers at the Conference of State Governors, it might be well to set up a permanent new procedure through which the states and local government units could have representation.

FOREIGN AFFAIRS

Mr. Nixon, let's assume we will win militarily in Viet Nam. What comes afterwards?

"What do we do after Viet Nam?" is, indeed, a major issue.

Unless we develop some new approaches in foreign policy, what I would call preventive diplomacy, the United States is going to face the prospect over the next five or 10 years of being involved again in more Viet Nam-type operations in Asia, Africa, Latin America and other areas.

It is vitally important for us to anticipate this danger and to develop new foreign policy institutions to reduce these prospects. Putting it in a larger context, the greater danger is not simply the involvement in a guerrilla war like Viet Nam. The greater danger is that each time we become involved in such conflicts, there is always the possibility of confrontation with one of the supernuclear powers, the Soviet Union or eventually Communist China.

The thrust of American foreign policy in the years immediately ahead must be to reduce to the

minimum those instances where the supernuclear powers have confrontations.

Whenever those confrontations occur, there is the chance of a nuclear explosion or nuclear blackmail. I recommend regional, buffer, collective security arrangements which would take the responsibility for handling guerrilla outbreaks in those areas.

This approach rather than an alliance with the United States is preferred, because, while the alliance approach was proper in the period up until 1961 or '62, it now runs a grave risk. If we have an alliance, it means that every time one of these little wars breaks out, the United States is committed and there is the possibility of a confrontation.

How many nations would you see in one of these regional groups?

Generally speaking, there would be a group of nations in an area with similar problems. There must be common economic and political and security problems in order for such an arrangement to work.

What will be the long, long-range relations between the United States and the USSR?

In the long range the two must find a basis for living in peace.

The alternative for each nation is unacceptable.

I believe it is essential to recognize that our goal in the world is different from that of the Russians. We want peace as an end in itself. And they, despite their desire to avoid a nuclear war, want victory. Consequently if we are to have a meaningful détente, the Russians must recognize the necessity of peaceful relations with the United States. They must recognize that pursuing their historical objective of expanding Communism throughout the world is detrimental to their own long-range interests.

Meaningful peace, meaningful détente will only be achieved by a highly pragmatic and realistic approach.

Trade is a case in point. I favor an expansion of peaceful trade, but we must recognize that only where trade serves the interests of both parties will it contribute to the cause of peace.

VIET NAM

Getting back to Viet Nam, if you were President, what would you do about Viet Nam?

To bring the war in Viet Nam to an end, it is necessary to convince the North Vietnamese that they cannot win the war militarily, that they cannot win politically.

It is necessary to get cooperation from the senior partner of North Viet Nam, the Soviet Union, which furnishes the North Vietnamese with 100 per cent of the oil and 75 per cent of the sophisticated equipment.

We need a concerted military, diplomatic, economic and political offensive.

Militarily there is no gimmick, no easy, quick solution which will end the war.

I reject the idea of invading North Viet Nam, the use of nuclear weapons, massive aerial bombing of civilian centers. But I believe that we should keep up the pressure on all military targets.

Diplomatically it is essential for us to recognize that we have been wrong in assuming that the Soviet Union wanted to end the war. Under the circumstances, I believe we should use our economic and diplomatic leverage with the Soviet Union to get them to use their influence with North Viet Nam to bring the war to a conclusion.

The move toward greater trade between the United States and the Soviet Union should be welcomed. But these moves should be conditioned upon the Soviet Union's discontinuing its support of the forces in North Viet Nam and making trouble in the Near East.

It is necessary for us to use our influence to require a complete, full mobilization of South Viet Nam.

It doesn't make sense to have the South Vietnamese fighting this war on an inadequate basis, while the United States is making sacrifices.

There has to be a complete overhaul of the pacification program. This is going to require taking strong leadership positions with the new government of South Viet Nam. Some of these recommendations that we should make will be resented.

And most important, it is necessary to mobilize public opinion in the United States behind the war effort. I think the Administration's failure has been most marked in this area.

It is necessary to have "Operation Candor" in the United States, explain why we are in Viet Nam, what the stakes are, what the cost will be, pointing out that nothing could be more effective than unity within the United States. **END**

Charles H. Percy

WAITING IN THE WINGS?



PHOTO: GEORGE TAMES

Freshman U. S. Senators are supposed to be seen but not heard.

However, Illinois' Charles H. Percy in just one year as a Senator, has authored major legislation, marshalled imposing support for it and propelled himself into the thick of Presidential politics.

Chuck Percy was all of five years old when he began his business career, as a magazine salesman. During high school, he held as many as four part-time jobs.

And when the Depression wiped out his father's bank cashier job, young Chuck went to his Sunday school teacher, Bell & Howell President Joe McNabb, and convinced him he should hire the elder Mr. Percy.

He worked summers at Bell & Howell himself, and went to work full-time for the company when he graduated from the University of Chicago in 1941; the next year, before he was 23, he became a B & H director.

Joe McNabb died in 1949, leaving sort of a corporate will recommending that the board elect 29-year-old Chuck Percy president. It did, and sales zoomed.

Chuck Percy was chairman of the Republican Platform Committee in 1960. He ran for Governor of Illi-

nois in 1964, but lost in the Johnson landslide.

The imperturbable Mr. Percy didn't behave as a defeated candidate. He promptly formed a New Illinois Committee to try to do on a smaller scale what he had wanted to do as Governor. With non-tax deductible contributions, he and his followers began programs in literacy education, reported job opportunities and invited slum dwellers to phone complaints into a tape recorder so that volunteers could take them to landlords to try to get action.

In 1966, he defeated Sen. Paul H. Douglas, his former economics professor.

Based on his year in the Senate and on previous campaigning, the handsome 48-year-old Mr. Percy can be described as a progressive moderate. He resists extremes, innovates with zest and skill. Not only has he pushed a bill to help lower-income families buy homes but he has enlisted every Republican Senator as a cosponsor.

To get his views, NATION's BUSINESS talked with Senator Percy in his Senate office, which used to be Robert F. Kennedy's work space.

TOP ISSUES

Senator Percy, what do you find most

troubles the American people today?

There are two overriding concerns: Viet Nam and urban strife.

In line with this, what will be the decisive issue on which voters will base their choice in the coming Presidential election?

I don't know. Viet Nam, race relations, the cities and fiscal responsibility, certainly will be important issues. But *the* issue may be something less tangible; it may have to do with the quality of national leadership and how it is reflected in the quality of American life.

And will foreign policy generally remain a dominant issue?

Yes. As long as we are in a major war—the most unpopular in our nation's history—foreign policy can't help but be a dominant issue. Many Americans, including myself, are not satisfied with the way major international commitments are being made by the executive branch of government. If we don't make commitments in a more intelligent, foresighted way, I'm afraid we could be drawn into Viet Nam after Viet Nam.

As a former businessman and now a Senator, what do you regard as the

biggest problem facing this nation on the economic front?

It's the unwillingness of the federal government to engage in realistic budgeting, to be more accurate in its forecasts of income and expense and to establish a rigid set of priorities, so that we recognize we have to do first things first and cannot do everything at once.

As a matter of national policy, the President promised we could wage the war abroad, we could wage the war on poverty at home—all of this without much sacrifice by anyone.

This totally misled the country. Today, we have nothing but the promise of economic chaos from the Secretary of the Treasury if we don't have a 10 per cent surtax.

The Administration, so highly politically motivated, did not call for a tax increase in 1966, an election year, when it was desperately needed. They called for a tax increase in 1967, much too late to check inflation.

How can we best combat this inflation?

First and foremost, by cutting back federal spending, delaying projects that are desirable but not crucial right now.

Second, by enacting a tax increase to finance the war in Viet Nam. I think it is unconscionable to pass the cost of that war on to future generations at the rate we are today.

SPENDING

What are your feelings regarding federal spending? Has it gotten out of hand, or is it a question of allocation?

Federal spending can be cut. It is out of hand, and it is simply a matter of establishing priorities and adapting programs to the age in which we live, not to the age from which we have come.

In agriculture, for instance, we have a \$5 billion to \$7 billion program. But it's a program designed for the scarcities of the '30's, and is ill-adapted for the abundance of the '60's and '70's. We need a program for agriculture designed to move decision-making back to the farm and get it out of Washington. Acreage control, crop control and other inhibiting forces raise prices and are exceedingly costly.

We need to find a way to make the Post Office a paying proposition, carrying its own weight rather than a \$1.2 billion loss.

We need to delay public works. Even if it affects someone in Illinois, you have to face up to the responsibility.

I think the space program had to be cut, and we did cut it in Congress.

TAXES

Aside from enacting a tax increase to help finance the war, is there anything that needs to be done in the tax field?

We need to reduce substantially the lag between the time the need for a tax change is recognized and its enactment.

Second, we should simplify the internal revenue code.

Third, involves acceptance of the concept that the tax code may be used to advance social purposes. It was not long ago that there was resistance to using the code as an economic tool. Such use is now acceptable.

The code offers wide-ranging possibilities as a social tool. We should not hesitate any longer.

And fourth, every effort should be made to prevent unconscionable tax avoidance.

VIET NAM

You have recommended that more of the defense of South Viet Nam be assumed by Asians. Will you elaborate on that?

I would only reiterate the words of three Presidents—Eisenhower, Kennedy and Johnson: We cannot do for another people as effectively as they can do for themselves.

We are willing and should be willing to help others fight for their territorial integrity and freedom, but it ought to be a helping hand, not one that takes over completely. It is an overcommitment to try to police the whole world.

It is for this reason I sponsored a resolution for greater Asian participation in the economic, military, social, political, psychological aspects of the war in Viet Nam.

URBAN PROBLEMS

How can we best meet the problems of our cities?

They can best be solved through an Alliance for Progress right here at home, between local, state and federal governments, each of which has certain jurisdictions and certain revenue sources.

The Alliance must embrace the

private sector as well as the public sector. And to the greatest extent, we should put first emphasis on private involvement in problem-solving.

The emphasis in government should, of course, first be at the local level, then state, then federal.

More specifically, you authored a bill called the Home Ownership Foundation Act.

Yes. One of the problems of the cities is that many of the stores, particularly in Negro communities, are not owned by individuals living in the community. Much of the housing is either public housing or owned by slum lords outside the community.

These conditions, plus unemployment and lack of educational equality, lead to riots. Of course the leaders of riots have engaged in looting, arson, sniping, murder, and they have to be dealt with as criminals. But the seeds of discontent have to be sown in fertile soil in order to be productive. And obviously the seeds sown in the urban areas fall where discontent is festering.

The poor should have greater freedom of choice in housing. In addition to public housing—which has been in many instances ill-conceived and has contributed to the problem—and rent supplements, which are a little better, they ought to have a chance to own their home.

It is not a giveaway program. It's an interest subsidy which is repayable or which would be scaled down immediately upon their gaining an increase in income. It couples the incentive of homeownership with technical services to be offered to local nonprofit organizations sponsoring such projects.

It would help rehabilitate the families as we rehabilitate the housing, providing assistance in connection with training and education in household management and budget planning.

Homeownership, whether it is an individual family residence or participation in a condominium or a co-op, offers the same incentive to lower-income families that it does to middle-income and higher-income families. To be somebody and have something is a deep-down desire everyone has.

We have to teach people from the rural South how to live in the urban North, how to adapt and adjust. And we have to teach that while there are certain civil rights, the

are also civil responsibilities that must be fulfilled.

BUSINESS AND SOCIETY

Should private enterprise become more involved in solving public problems?

Yes. The solution to many of our public problems can best be achieved by private enterprise. And many of the solutions are consistent with the profit objective. Wherever feasible, the public sector should limit its role to coordination, reinforcement and guarantee.

Of course, we can never misunderstand that the primary function of business is to earn a return on its stockholders' investment. But in all the years I was in business, 17 of which I headed Bell & Howell, I never had a stockholder say I had to put the company ahead of the country.

On the national level, for instance, the position I took through the years on freer trade was not necessarily in the best short-term interests of our company and our industry. But I felt it was eminently right in the national interest, and in the long run it would be better for our company and our industry to have an economic base for our activity rather than a political one. And I look upon the tariff or subsidy as a political base.

FEDERAL-STATE RELATIONS

What developments would you hope to see in federal-state relations?

I see a higher quality person coming into state and local government. We are upgrading our state legislatures. We have improved their quality, I think, through proportional representation. We have substantially upgraded the pay levels and the staffs available for state legislatures.

I think the next step must be a federal-state-local tax-sharing plan. This would rebate to the states and local communities a substantial part of the normal \$5 billion growth in Federal tax revenue that comes every year without an increase in tax rates, simply because of increasing national income.

LABOR RELATIONS

What about labor-management relations? Do you feel any new legislation is needed in this area?

I have sponsored a bill to direct the Secretary of Labor carefully to

study the trend of labor-management relationships, particularly with respect to crippling strikes that affect the public welfare, and to make recommendations on what new legislation is needed.

I have sponsored a bill to establish a labor court. This is supported by a number of labor unions and certainly by a number of businesses who feel there must be the same continuity of decision-making in labor-management relationships that exists in other areas of our economy. You ought to be able to have the precedence of a court decision rather than the decision of a National Labor Relations Board that can be reversed and changed frequently without letting either labor or management know. We must try to remove these decisions from politics as much as possible.

CONSUMER LAWS

Do you see a need for greater consumer protection?

Yes. I think that the truth-lending bills that have been worked out as a compromise are a substantial step in this direction.

I see a greater need for industry, in its various categories, to take the initiative in self-regulation. Automobile safety is a good case in point. It could have been handled better by the industry. There are more experts on automobile safety in the industry than in the Congress. But if the industry doesn't act, Congress must.

Another area is air and water pollution. There will be stiff penalties imposed by the Congress if this continues. There is no subject of greater concern to the American people today, and there is no subject for which you can get money faster out of a state legislature or out of the Congress than for the problem of pollution.

Industry is going to pay the bill anyway. They better start to pay it in the first instance by correcting some of the abuses. They cannot continue to pollute the air and water of this country without incurring the wrath not only of the lawmakers, but of the general public. Too frequently giant public utilities have spent huge sums of money fighting regulations rather than trying to solve the problem.

But I have been proud to make awards to industries that have led the way in a public-spirited manner, by taking corrective action so they do not contribute to pollution.

Industry gets blamed for a lot of things the public sector does. We have found that Lake Michigan, for instance, has in large part been polluted by the government's Corps of Engineers. In a 10-year period they have dumped dredgings equal to the volume of 10 Merchandise Marts, which is the largest building in the world, and they dumped all of these polluted dredgings in one area of Lake Michigan.

So, federal and state agencies are some of the worst offenders.

LAW AND ORDER

What must we do in the field of law and order?

Too frequently in recent years we have been concerned with protecting the criminal against society rather than protecting society against the criminal. The pendulum has swung too far, and we must bring it back.

It is for this reason that I researched over a period of many months and then cosponsored a wire-tapping bill. It would, on the one hand, protect the individual by making it a federal offense to ship, transmit or use wiretapping devices. But, on the other hand, law enforcement agencies could use such devices when authorized by a federal court to combat organized crime.

Organized crime has become the biggest single business in America, grossing in excess of \$7 billion a year. It very seldom puts things in writing. It does its work verbally. And this is how it must be caught, the evidence captured and accumulated, and convictions made.

Also we certainly need some of the efficiency of the FBI in training of personnel. This should be made more available to state and local law enforcement people.

We need better coordination between our law enforcement agencies. We have in the commission of a single crime a tremendous overlap of responsibility. In one crime you can have your local coroner, your local police, your sheriff, your state police, the FBI—if it involves anything out of state—and your district attorney. With all this overlap and duplication, the chances of messing up a case are great.

And, of course, politics has been known to interfere with the successful prosecution of a case.

These are just some of the things that are needed in the area of law and order.

END

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Ronald Reagan

POLITICS' GOLDEN BOY?



PHOTO: FRED KAPLAN—BLACK STAR

Ronald Wilson Reagan—suave, good-looking, debonair, articulate—has much going for him in this age of television.

Governor Reagan is considered a possible running mate to Gov. Nelson Rockefeller of New York, former Vice President Richard Nixon, Sen. Charles Percy of Illinois or almost any other Republican who might happen to toss his hat in the ring. The California governor is widely mentioned as either a Presidential or Vice Presidential nominee for the Republicans.

The former movie star, still youthful at 57, is a westerner, a conservative, a vigorous campaigner, a successful vote-getter.

Californians generally agree he has acquitted himself well after a year in office, successfully tackling a horrendous mess ranging from race riots to mountainous state debts.

But there are minuses, too. Governor Reagan was divorced, a factor which could affect Presidential aspirations. In his younger days in Hollywood he was an ardent liberal Democrat.

Governor Reagan is convinced that his "Creative Society"—in which businessmen play an imposing role—is bringing sound, stable

and fiscally responsible government to California.

In his executive office in Sacramento, Governor Reagan discussed with a NATION'S BUSINESS editor some of the critical problems facing the nation today and how he thinks they should be resolved.

TOP ISSUES

What do you think will be the top issues in this Presidential campaign?

I think one of them—supposing it still continues—would be the Viet Nam War. But I don't necessarily believe that is going to be as principal a one as crime in the streets. I think a kind of morality gap has been created in this country. There's a great concern on the part of the people about the way we seem to be coming unglued as to our belief in basic principles.

It ties in with crime. Crime is at the extreme point of it, but it also has to do with disorder, with those who are advocating to our youth the experimentation in everything from sex to dope; again, just this breaking down—call it a morality gap—in our society.

What do you see as a more pressing domestic need of the country?

I think it has to do with the government spending policies which have led to inflation that, I believe, is threatening to become runaway inflation.

BUSINESS AND SOCIETY

What do you think should be the role of business in helping solve some of our social problems?

Well, here in the State of California we are turning to business a great deal. I think there is a philosophy on the other side of the fence at the national level from those in power that don't have very much faith in business. Or certainly, under the free enterprise system and the law of supply and demand. They believe that perhaps private ownership is all right so long as the government can plan and control the economy. I don't believe that government can ever match the great power of the business community—and when I say "business" I should include the independent sector—to solve many of the problems that government seems to think are solely its province.

How have the task forces of businessmen you appointed when you took office been working out?

We handpicked a list of people, invited them to a luncheon and told them what it was we had in mind. We felt that they, like the rest of us, had been going into the locker room after the golf game and complaining about government. We told them we were going to give them their chance.

We had 240 of the most successful people in this state. They gave up virtually six months, on an average, full time—away from their homes, living in hotels and motels. We formed them into task forces, based on their specialties, simply to go in and find where things that business has learned could be applied to government to make it more efficient and, if possible, more economical.

TAXES

What do you think needs to be done in the tax field, speaking nationally, of course?

I'm a great believer that we need to tax less. But also I'm a great believer that the federal government created a lot of problems it's trying to solve by federal grants and gradually usurping the sources of tax revenue from the local levels. Then it's very easy to point a finger and say, "You're not doing the job."

They fixed it so you couldn't do the job.

So I would like to see the federal government simply turn back to the state and local level some of those sources of taxation.

Now, failing that—and I think it's pretty hard to get that done—I would like, in the interim, to see the federal government start some tax sharing with the states.

By sharing these revenues we could see how it would work and see if some of these things couldn't be handled more efficiently at the state level than they are now.

Do you foresee the need for new tax incentives to get business and industry more involved in helping to soften some of our socioeconomic problems?

Well, I think it's a field to explore.

Look at one example.

The federal government now is greatly concerned about the financing of higher education. There are grants for research, grants to help build buildings, aid in running even the independent schools. At the same time the federal government has all sorts of programs and loans and scholarships for the poor student who can't afford to get a college education. Yet, a plan was

proposed by some college educators a few years ago. They were concerned that, with this federal aid, would eventually come a restriction on academic freedom. They proposed that every citizen be allowed, after computing his income tax, to take \$100 of it and, instead, contribute it to a college or university.

They couldn't get anyplace with this proposal, and I think one of the very telling remarks was what the head of the Office of Education in Washington, after a couple weeks of discussion and debate, said to them: "You don't understand. Under such a system we wouldn't be able to achieve our social objectives."

You wonder if they are concerned just about financing education or if they haven't something else in mind.

SPENDING

Governor, how do you feel about setting criteria for Federal spending to, say, a particular percentage of the gross national product?

As an old, not too good graduate in economics, I have sometimes felt that one of the worst things that John Maynard Keynes left to us was this idea of the gross national product. Frankly, I think it's a very deceptive figure.

You can improve the gross national product by just increasing price because GNP is the total figures for all the services and goods produced in the country. If the government builds a couple of aircraft carriers in one year, they can increase the gross national product even though they are making the people a little poorer as far as their ability to buy consumer goods.

So I don't think the criteria should be based on that. I think we've got to relate it more to earnings. The people pay taxes. How much money do people earn? The tax percentage should be relegated to where is the breaking point. How much do the people want to afford for the functions of government and where do you pass a point at which your economy begins to suffer because government isn't much of a producer?

What are the more important steps, in your opinion, that need to be taken to control inflation in the years ahead?

I think we've got to come to a halt in deficit spending.

We seem to have a different rule for the federal government than we

have for people. The result is we can only keep this system up so long as the dollar can afford to lose a couple of cents in purchasing power each year. But I have a feeling that inflation is like radioactivity. It's cumulative.

And I don't care if it's a couple of cents a year, or if you do it the way they did it after World War I in the European countries. Eventually, you'll arrive at the same end. The money isn't worth anything.

I feel we must come back to spending within our limits. We are cheating the people when we sell them government bonds on the basis that they should buy them not only as an investment but to be patriotic, and then take two cents a year out of their dollars by inflation. The government is borrowing \$1 and paying back 80 cents.

How do you think we can best keep the economy growing and at the same time keep business prospering?

I think it's going to require a philosophy in government that believes in the free enterprise system.

I know there are some people in the federal government now who try to point to what they call "business prosperity" and say, "See, we didn't hurt business. We helped it. Look how prosperous business is as a result of government interference."

I think what the government has really proved is the great virility of the American business system—that it's been able to withstand all the nit-picking and the harassment all these years and still be able to stay on its feet. One of these days, like Gulliver, business is going to find government put the last thread around it and it can't get up. And I am just not talking about the necessities of government such as in the monopoly fields or in the Pure Food and Drug Act. I'm talking about letting business be free to operate, free to provide jobs for people.

We've had 30 years now of the government trying to solve the unemployment problem at a government level with the government making work. Even in time of slump, business really provides 90 per cent of the employment.

LAW AND ORDER

What conclusions have you drawn as to the immediate and long-range steps needed to assure more civil order in the United States?

It's very easy to give the obvious answer that we continue to try to

bring all of those segments of our society—minority groups, particularly—up to an average level with regard to employment and employment opportunities and wage rates and income like the rest of us. Certainly, something should be done.

It's an answer we are practicing in California with our job-seeking program.

We are also making very sure that we accept our responsibility to maintain law and order and we have a liaison with local law enforcement agencies and all of our major cities in this state. We are going to meet force with appropriate force, which I think is the only answer—once people take to the streets in violence.

But I think there's an element now we have all been reluctant to talk about. I think we have to realize it is a revolutionary element not seeking opportunity in the way of integration or the alleviation of some of the lack of civil rights.

We are now confronted with a revolutionary movement that is appealing to prejudice, to racism in reverse and somebody better recognize that these fellows' goal is violence and disruption and we better be preparing to deal with that revolutionary movement.

LABOR RELATIONS

In your opinion, do you think there are new laws needed in the labor-management field and do you feel unions should be placed under anti-trust laws?

Yes, I do. This goes back to when I was a New Deal Democrat. I said this back then in the early 40's and I say it again, that monopoly is an evil and it doesn't matter if it's business, government or labor. It threatens the rights of the individuals and there is no segment of our population that should have this excess of power.

Do you think new emphasis should be placed on motivating and changing the attitudes of people on welfare to make them productive citizens?

I think that the goal of welfare should be judged on how many people it is removing from welfare. How much smaller is it getting? The goal should be to eliminate, essentially, the need for welfare.

Now, we can't achieve this 100 per cent. You are always going to

have the totally disabled, the aged and so forth whom you are going to care for.

We have to find out where we got off the track. Where have we abandoned the normal incentives that make the rest of the population strive and try to get ahead?

Let me cite an example we all know about. That is the failures in public housing: The crime that is rampant there, the people who use the elevators for toilets, throw the garbage out the window and so forth.

Why hasn't government thought of turning to the same thing that has made suburbia successful? That is, pride of ownership.

By law, if you earn one penny above a certain amount in a public housing development, you have to move out. This becomes a kind of frightening thing. Once you have a home, there's a kind of security to the place.

Why didn't the government ever stop to experiment, at least, with giving the people a title, a deed to their own unit and actually make them a property owner?

At the same time, if a man improves himself and gets a better job, instead of being filled with terror, he has some equity. He says, "I cannot only take the better job, now I, too, can move to the suburbs."

FEDERAL-STATE RELATIONS

What can the federal government do to improve federal-state relations?

Well, recognize that we are 50 sovereign states in a federal system of government and stop trying to make us administrative districts of the federal government.

FOREIGN AFFAIRS

What do you think are the most important foreign policy decisions that have to be made in the next few years?

I think the biggest single policy is, if we have a plan, to re-evaluate it.

If, as I sadly suspect, we really don't have a working plan, it is to figure out what is the plan of strategy in the cold war. Who is the enemy?

I don't just think these things like Viet Nam happen to be spontaneous fires springing up by themselves. I think this country has to have an over-all master plan and

make a decision with regard to where we make the stand. We need a strategy to convince the enemy that his concept of world domination is not acceptable to us.

How about waste in the federal government? How do you think it can be ended?

Well, it can't be ended all at once. I have found out already there is a built-in resistance in government to anything that seeks to lessen the size and power of government.

I think it is going to take an administration that will begin step by step, to get the government out of those areas where the government doesn't belong. Further, a great many federal programs—at least management of them—have to be returned to the local level.

We have been in office less than a year.

One of the biggest expenditures, and the least controlled, the one that is expanding far greater than our revenue can expand to meet it, is welfare.

Among some of the things we are doing, we have just now at the state level reduced 2,400 pages of rules and regulations down to 200. We are still, however, beset by a fantastic array of regulations imposed on us at the federal level.

URBAN PROBLEMS

If the poverty program is cut back substantially, some say this may cause further trouble.

There's no question about the need in certain areas. There's no question about the goals. But I think the federal poverty program has been the world's biggest pork barrel. I think it's been used for political purposes and, yes, it might increase the pressures for trouble in the streets.

But I think that a great many of the people in this country would welcome a cutback in some parts of the program.

In California we haven't waited for the poverty program. We have more than 90 per cent of the industries in California organized. They are organized to provide employment and on-the-job training for the employables, particularly in the minority areas in our cities here in California. In 16 months, they put 17,800 unemployed into private enterprise jobs. **END**

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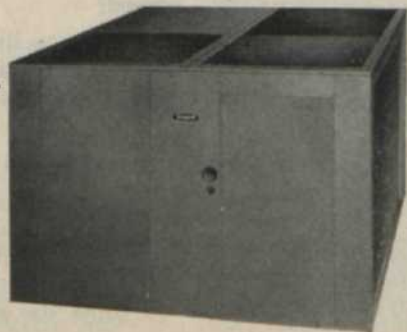
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George Romney **WILL VOTERS BUY MICHIGAN RAMBLER?**



PHOTO: BENYAS-KAUFMAN-BLACK STAR

Gov. George Romney of Michigan could be described as conservative in fiscal and economic matters, liberal in social and urban affairs.

Some people call this political schizophrenia. Others call it a smooth blending of philosophies. Whatever it is, Governor Romney, an intensely earnest man, has accumulated a large following of backers who can see him in the White House and no one else.

Governor Romney is many things. He is a tariff specialist and a former Washington lobbyist. He has served on a Senatorial staff and he was a manpower specialist during World War II.

Governor Romney was the second man to testify in favor of the Marshall Plan, preceded only by Gen. George C. Marshall himself.

Since leaving Washington the Governor has been a mover and shaker in Michigan politics and affairs. He helped rejuvenate Michigan schools, molded the new state constitution and helped get it approved.

He was the tremendously successful president of American Motors

Corp., and in the early 1950's, foresaw an American urge for an inexpensive compact car. His 1955 speech, "Dinosaur in the Driveway," criticizing the trend toward huge cars, was historic for the automobile industry.

Governor Romney used cartoon advertising to great advantage. He established employee previews of new models and turned these annual occasions into great sessions for pulling all parts of the company together.

He also established a Dealer Advisory Board where dealers from all over the country could question and criticize American Motors' policies.

Governor Romney reversed himself on Viet Nam, changing from a hawk to something more like a dove. In the process he said he had been "brainwashed" by the Johnson Administration. This remark hurt him because he gave the impression that he was saying he was capable of being fooled.

The Governor has been on the campaign trail for months. At this point in the race, 10 months before

the general election, he has had 10 times the exposure John F. Kennedy had 10 months before his victory in 1960. His backers are now saying freely that for Governor Romney to win the nomination, he must win big in most of the primaries to be held in New Hampshire, Oregon, Wisconsin, Nebraska.

Here, in an interview with NATION'S BUSINESS, Governor Romney speaks for himself on the issues of most interest to business:

TOP ISSUES

Governor, what concerns you most as far as national problems are concerned?

There are these basic problems: Our cities, crime, race relations, whether to extend full citizenship to every American citizen and inflation.

And then, abroad, Viet Nam, and the deterioration in our international relations generally. Plus the increasing spread between the havenot nations and developed nations.

I think the gravest threat to our

future is our decline in religious convictions, decline in moral character, decline in the quality of family life and decline in understanding of the principles of personal responsibility on which our nation was founded.

SPENDING

What would you say would be the primary responsibilities of government in controlling inflation?

To control spending and avoid deficit spending. We have had deficit spending in good and bad years. In the last seven years we had continuous deficit spending, even though we had high levels of economic activity. This results from a procedure that creates built-in spending pressures. The executive branch or somebody in Congress identifies a worthwhile objective and gets a bill passed authorizing such a program without the appropriation of funds.

Budget time comes along and the program gets only partially funded, so those who have been encouraged to believe they are going to get a lot of help bring pressure to get the appropriations moved up to the authorization level.

You get a situation such as now where we spend many billions more than we are taking in. The bulk of that increase is the result of nondefense expenditures. Our nonmilitary expenditures have increased from \$30 billion in 1960 to \$61 billion this year. That is before making allowance for the full deficit we are going to pay for.

When the deficit builds up, the President confronts Congress with a demand that it increase taxes. Consequently I think Congress is right in insisting that it is time to bring spending under control by acting jointly on the spending and the tax question. In my opinion it is the only way it can be brought under control.

Do you think there ought to be any criteria for federal spending, so that it is a particular percentage of GNP, for example?

We are getting to levels that are about as high as we ought to go right now.

The public is indicating that it feels the same way. I don't think the fixing of a percentage is necessarily the most effective way.

TAXES

How about taxing in the future? Do you favor an attempt to turn back more money to the private sector?

State and local governments can better determine how available funds can be used in many areas. They are better than federal officials in Washington who are not as close to the local level.

I am also convinced that there needs to be a tax approach to provide a greater stimulus to private effort which, after all, is the very basis of our level of economic activity, and therefore the source of our revenue. We are getting far too much emphasis on the myth that we can deal with our problems through government money.

The result is that programs are being launched with government funds that are not as effective as they would be if they were stimulated through appropriate private action or were undertaken at the state and local level.

Many federal government programs are discouraging the sort of voluntary social programs that have been so meaningful.

Is it better for the federal government to cut taxes and return revenue to the people, or is some sort of revenue sharing plan more desirable?

We may well have revenue sharing and block grants, simplification and consolidation of existing federal grant-in-aid programs. But I think some can be eliminated. Again, I put top priority on spending reductions and greater room for direct state and local tax action to meet state and local problems.

FEDERAL-STATE RELATIONS

How do you think we can best improve federal-state relations?

By the federal government recognizing state responsibilities and state functions as spelled out in the Constitution; and also on the basis of the soundness of a decentralized approach, so that the people close to the problem have the responsibility for determining what actions are going to be taken.

There needs to be recognition that, while state governments may not have been doing all they should, that has also been true of the federal government. We shouldn't think that we are going to make more

progress just by shifting responsibilities to the federal government.

BUSINESS AND SOCIETY

Today's businessmen are apparently interested in helping to solve social problems. What should be the role of the businessman in these problems?

Businessmen have a very definite responsibility in overcoming restrictions and discriminations that prevent millions of Americans from taking a full part in the American society. When people are prevented from taking a full part because of racial discrimination, then those people are not able to contribute either as producers nor to play their full role as consumers as a market for the goods that are being produced.

The American economy would receive a great boost if we could increase our effectiveness in meeting the educational, job and housing needs of these people who have been discriminated against. I think it is in the interests of industry to overcome this. I think it is also in the interests of industry—as a part of the community—to convince people that they are going to use their leadership to overcome any obstacles to any American citizens having equal justice and opportunity.

On my recent swing through the cities, I found businessmen stepping up this responsibility, and in many instances companies are inaugurating their own basic education programs and vocational training programs.

There are also tremendous markets to be developed in low-cost housing and in health. I saw projects in both fields that make it clear that present practices on the part of employers in some instances and unions in other instances have prevented people from being able to contribute what they are capable of.

I saw skilled tradesmen giving training to the unemployed in housing rehabilitation. People with only a few days a week instruction were doing the type of work necessary to modernize the exterior and interior of substandard homes.

There is a tremendous market in rehabilitation of existing residences. If we are really going to meet the requirements of low-income families, it is going to be through enabling the people to do that work who are not getting the high compensation

enjoyed by the building trades union members.

Building trades unions and employers should see the wisdom of encouraging programs that enable the unemployed, and in some instances homeowners, or even tenants, to undertake these modernization programs.

In the health field, I saw a clinic where the skills were so subdivided that complete physical examinations were being given and there was only one person there who had more than a high school education.

In my opinion, we can't do more than scratch the surface by relying on government and governmental expenditures. Private enterprise has to play an important part in developing these big markets. There is opportunity for investment and return on investment. In some instances the government can provide incentives and guarantees, but dealing with these problems in our core cities is going to require private and independent sectors of American life to play the key role.

LABOR RELATIONS

Governor Romney, what new labor-management laws do you think are needed?

The basic thing we need is to modernize collective bargaining laws, and make collective bargaining subject to the discipline of competition.

I mean the employees of an individual enterprise that is in competition with another enterprise being a part of the competitive team, rather than part of a union that has a monopolistic position in collective bargaining.

As a result of having unions with monopolistic power, some employers have organized the same way, so that now we have employer and union monopoly.

This power is being used to secure wage concessions and fringe benefits that exceed productivity improvements and the result is customers are required to pay for it in the form of rising costs and prices.

This excess power must be dealt with if we are going to retain a competitive economy in this country. As a result of this monopolistic power, Washington increasingly establishes wage-price patterns in this country.

This excess concentration of private power is creating distortions in

our economy, such as the price spread between industrial products and agricultural products. Farmers are working for a dollar or two an hour, and farm prices are low in relationship to industrial prices. But they have to turn around and buy industrial products produced by workers getting five, six, seven, eight dollars an hour.

The same thing is happening in the case of public employees, teachers, policemen. Organized workers are taking more than they should, taking more than they are contributing in economic progress and improved productivity. The result is that the unorganized are increasingly falling behind in their compensation.

This is resulting in the public employees and others saying, "Well, we had better organize, too."

You have a situation where the teacher gets less than a plumber's helper, or a veteran policeman gets less than a carpenter's helper.

There is another aspect, its impact on inflation. We've had 4.4 per cent inflation since June. This, plus loose fiscal policy, has been the primary cause of inflation.

This is pricing us out of world markets, with the result that key industries in this country that have traditionally been highly competitive are now asking for protection.

This is part of the balance of payments problem.

Do we need to put unions under anti-trust laws?

It isn't that simple. The labor laws themselves need to be amended to reflect the realities of today's situation rather than the situation that existed back in the '30's.

They were passed to help workers organize because many employers wouldn't recognize unions or that unions have an important role to play, if they play it on a sound basis, within a competitive enterprise framework.

But they are not doing that now. And this is threatening the continuation of that competitive enterprise system. So what we need to do is to amend these labor laws to make unions subject to basic competitive influences in the same way that employers are subject to competitive influences through the anti-trust laws.

LAW AND ORDER

As a result of riots last summer,

have you drawn any conclusions on the proper handling of the issue of law and order and civil disobedience?

There can be no uncertainty about the necessity of maintaining law and order. No American has the right to violate the law. After all, we have a free society where there is an orderly, peaceful procedure to bring about change. Our problem is to convince those who feel they are suffering injustices within our core cities that change will come about in an orderly and peaceful way and that they don't need to resort to violence and revolution.

Whether we are going to succeed in doing that remains to be seen. In any event, we cannot countenance the use of force by private citizens. Only government should be permitted to use force to maintain law and order.

VIET NAM

What do you think are the most important foreign policy decisions that have to be made in the next few years?

Obviously the most important one is to find a satisfactory solution to the Vietnamese war, because now we are bogged down as a result of the present ping-pong policy. By that I mean a policy of gradual military escalation, followed by a peace offensive, and then you have another military escalation, a peace offensive. As a result we are confronted with the prospect of only one of five very unsatisfactory results.

One, endless conflict.

Two, permanent occupation.

Three, massive military escalation that would risk World War III.

Four, withdrawal.

Five, an unsatisfactory settlement.

The better alternative is neutralization of the countries directly affected by the conflict in Southeast Asia.

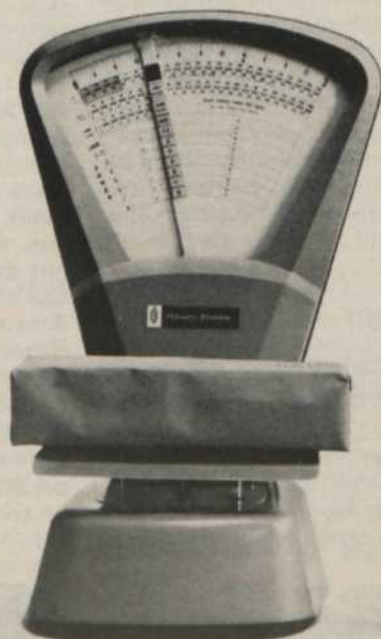
It would require greater international community support, and willingness to establish effective control and review of controls in the two Viet Nams, Cambodia, Laos and perhaps Thailand. Also, a willingness of the people involved in the conflict to recognize that their greatest interest is in the economic and social development of the area, and that a neutralization would permit them to focus on their own interests and work out their own solutions.

END

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PHOTO: GEORGE TANES

Eugene McCarthy

THE DEMOCRATS' MOST DISSENTING DOVE?

Eugene Joseph McCarthy—senior Senator from Minnesota, and fast traveling seeker of the Democratic Presidential nomination—is a man of strong convictions.

But at the same time, he is probably the quietest talking, lowest key Presidential candidate since Alf Landon.

Senator McCarthy hopes to avoid a Landon-type massacre as occurred in 1936 at the hands of FDR. Anyway, the Democratic nomination is hardly within his grasp as long as Lyndon Johnson wants it.

McCarthy will enter primaries in Wisconsin, Oregon, Nebraska, California, Massachusetts and probably New Jersey and New Hampshire.

He's best known as a dissenter to the Johnson Administration's Viet Nam policies. He feels the United States should have a more modest role in world affairs than did any of the last five Presidents.

President Johnson and his Democratic challenger aren't on the coziest terms just now—understandably. In bygone days they were. On the cover of an old McCarthy political brochure is this quote from the President: Senator McCarthy

"is one of those uncommon men who puts his courage in the service of his country."

Senator McCarthy is a liberal who admits he is liberal. He's an intellectual, former public school teacher, professor of economics and sociology and a military intelligence man. He came to the House of Representatives in 1946, moved up to the Senate in 1958 and has a seat on the Foreign Relations Committee. In the following interview with NATION'S BUSINESS, Senator McCarthy details what he wants, believes in and expects the United States to get.

TOP ISSUES

Senator McCarthy, what will be the big issues of the 1968 political campaign?

The war in Viet Nam is an issue in terms of what the promise of victory amounts to, and what the war is costing in terms of the Viet Nam operation.

There is also the condition of the economy. This involves two principal considerations: One, inflation. Two, the balance of payments and

the position of the dollar in international finance.

A third big issue relates to reduction of essential domestic programs, in not financing them or administering them properly. These things are considered to be a part of the anti-poverty program, possibly the farm program, financing of housing.

A fourth big issue would be called neo-isolationism. Because of what is happening to us in Viet Nam and the great drain on our resources, there is a tendency on the part of many people to become isolationists, when we ought to be carrying out more extensive programs. This has a bearing on military policy, the demand that we draw troops out of Europe—a proposition with which I disagree.

A fifth issue is more general: What has happened to the country's sense of purpose, of unity and confidence? This cannot be blamed on the President altogether.

URBAN PROBLEMS

What is the most pressing domestic need of the country?

I don't see just one.

I think the problem of what to do with the whole complex of difficulties we have in the cities—and it is not primarily racial—is a most pressing problem.

Urban renewal, transportation in the cities, the problems of education, air pollution and related problems, housing and developing a real sense of community.

The key is decent housing for everybody.

Will business and industry play different roles in the 1968 election than they have previously?

It depends on whom the Republicans and Democrats nominate. It is quite certain there will be more division in terms of the support of business and industry than there was in 1964, when business was pretty much anti-Goldwater.

You and President Johnson are two major engineers of the trains of thought in the Democratic Party. How does Bobby Kennedy fit into all this?

I don't say we are the two major engineers. What Senator Kennedy has been saying and doing over the last year with reference to Viet Nam has done as much as I have to begin to divide thought in the Democratic Party on the issue of the war, and also on some of the domestic issues. Senator Fulbright and some of the others have contributed as well.

Whose chances to reach the White House would you rate first—yours or Bobby Kennedy's?

If you accept that he is not even in the preliminary stages of the race—and he says he is not going to be this year—then any horse has a chance of winning, if all the others stumble and fall.

You have been referred to as a stalking horse.

I don't look upon myself as one. Oftentimes a stalking horse doesn't know he is one. There is no conspiracy with Senator Kennedy, and I don't look upon myself as simply breaking trail for him or setting the early pace.

He is quite free to make any move he wants to. I have no control over that, and I don't feel that I have any right to say that, since he didn't begin when I did, he has no right to come in later.

But I think as I get into it somewhat more deeply and suffer along the way, I would be more and more reluctant to yield the field easily.

BUSINESS AND SOCIETY

What should be the role of business in helping solve some of our social problems?

That is a difficult proposition to deal with, unless you are going to impose a special legal and social burden upon business which is unrelated to its economic efforts. If we are going to move into that, I think that we really ought to provide some subsidy to the businessman or the corporation that performs this special kind of social service.

Instead of saying to business it must take so many people out of the poverty program, the proper way to proceed—if these people are not productive for that business—would be to pay a public subsidy for doing it. Otherwise there is a tendency to develop a corporate feudalism in which you set the corporation aside from the law, and deal with it as a separate entity.

There was a little of that in the wage-price settlements worked out in the White House. They were extralegal. If some of those corporations had met privately and agreed to these wage-price guidelines, they could have been subject to prosecution for action in restraint of trade. It would have been conspiracy.

Since they did it in the White House, in the presence of the king, you know, and worked it all out, it supposedly was all right.

It is just as illegal to conspire in the White House as it is to conspire in the New York offices of some company.

I would rather see us follow a somewhat legally defined process, as you try to impose special burdens upon business and industry, whether it is a question of holding a ceiling on profits and prices, or whether it is a matter of imposing special social burdens upon them.

TAXES

What needs to be done in the tax field?

Along with the authority the Administration has indirectly over interest rates, more or less directly

over the handling of public debt and, within limits, on the purchasing policies of the government, there ought to be a limited discretionary authority with reference to taxes.

If the Administration had asked me at the time it proposed a surtax, I would have said not to propose one because the economic case for it is not clear, and if one is presented it will be hard for the members of Congress to pass it.

Now I have changed my position. I think there is now a need for a tax, but I don't think the surtax was the right kind of tax to propose. It is difficult to defend, difficult to explain, and not really the kind of tax that would bear effectively on the special problems that were arising in the economy. So I think it was wrong in terms of the substance of the tax, wrong in terms of timing. And there also is the question of whether the tax is the best way to do it.

I think it probably should have been coupled with credit controls.

What are the most important steps needed to control inflation?

If we didn't have the problem of the war and if there were a reduction of something like \$10 billion in expenditures, that would really take the pressure off the economy.

If that doesn't happen, then I think we have to give attention to credit controls, because we are still in the process of moving to a full credit economy.

Since we have moved into a credit economy our whole financial and banking system has to adjust to it.

The real problem is a kind of immature capitalistic and immature credit economy.

We really have to slow down growth in order to compensate for expansionary pressure that develops because of our moving into a credit economy.

Do you think the wage-price guidelines will be reactivated?

I don't think so. I was of the opinion that it was a mistake to move the Council of Economic Advisers beyond their advisory position as to what wage-price guidelines were proper. This is an economic judgment. When they began to use the Council as a political instrument to force people to abide

by these wage-price guidelines, this was a mistake.

SPENDING

How do you feel about setting criteria for federal spending so that it is a particular percentage of the gross national product, for example?

I would be against that kind of an artificial standard. You have to take a look at federal expenditures in terms of the total budget, and also on a purpose-by-purpose basis. I think the percentage approach is somewhat irrational. I think we still can make particular judgments with reference to expenditures. It is somewhat the same with the gold reserve—and we have got to have the gold reserve behind the dollar as the only kind of force that will prevent runaway inflation.

CONSUMER LAWS

Senator, what new responsibilities do you feel the federal government should undertake in the protection of consumers?

When the distribution of products becomes nationwide, the pressure grows to have federal control over the quality of what goes into interstate commerce or what is distributed nationwide.

I don't think the Federal Trade Commission ought to move in and say, "You can't advertise a 'big' gallon." It seems to me that is something that should be left to the people. Or to say you can't have a large box of breakfast cereal only half-full. It seems to me that people will open the box and know what they are paying for. When you get to some things, like standards for tires, for example, then you can have a national standard.

FEDERAL-STATE RELATIONS

What are your views on revenue-sharing?

I think the proposition with reference to revenue-sharing was advanced rather prematurely, in that at the time it was talked about, we had serious problems of how to provide sufficient revenue even for the federal government.

Preliminary to that, I think, I would favor the federal government's taking on a larger share of the

cost of financing certain things that are not particularly controversial and in which there isn't a great federal-state controversy.

I see, for example, carrying a greater burden of cost for highway construction—not just the interstate highway system, but some of the others.

I can see the federal government taking on practically full responsibility for the handling of water pollution control, particularly where it involves streams that are subject in any case to federal jurisdiction.

There are some others. Housing, for example.

There are some things you could leave to the states almost entirely.

Eventually we might get to a point where we could work out a single corporate profits tax for the whole country, like they have in Canada, and out of that to make a direct payment to the states.

Do you foresee wage-price controls if the war worsens?

I think so. You have to consider the possibility of wage-price controls of some kind.

You might have pressure develop in the economy which would justify them in certain areas even without war. I think we made a mistake in taking off some of the excise taxes.

Senator, has the Viet Nam war and political agitation at home made long-range changes in U. S. political affairs?

I don't know that it has, yet. Part of my concern in the challenge I am making is that, if we don't challenge the direction that is being set in this war, the course for the United States may be one of intervention in almost every trouble-spot in the world for a long, long time to come.

By virtue of that involvement, we may be unable to do other things that need to be done, or we are distracted from doing other things, or we fail to use the other powers that we have to be a force for good throughout the world.

I do think we are raising the question as to whether or not this shall be the direction, or whether there will be at least some slight turning away from the method and the approach which has been followed up to now in South Viet Nam.

VIET NAM

If you were President right now, what would you do about Viet Nam?

I would certainly announce a change of policy away from escalation. I don't even say I would necessarily stop the bombing altogether. I think I would recommend it be confined more or less to supply routes, and that we begin some limited drawbacks—not withdrawals, but drawbacks—in the hope that in these areas you could have pacification programs. And while we were doing that, we would attempt to negotiate, first with the National Liberation Front. Until recently the Administration hasn't indicated seriously that it wanted to talk to the National Liberation Front.

LAW AND ORDER

What can be done to bring civil order back to society?

There is no simple solution. In a way that is a more difficult problem than the war in Viet Nam. But you do it in a number of ways.

One of the ways would be programs in the city, urban renewal, housing programs. They would be a clear indication to the people who are most disturbed that there is an opening for them.

What we had in the last two years should not have been altogether surprising to us. If you look at the history of other rebellions and revolts, the great revolt in Germany, peasant revolts and some of the revolts we have had in this country, these usually come at a time when people who have been underprivileged and denied had accepted it. Then hope was offered to them. But actually nothing happens. Their hopes have risen, but reality then confronts them again; and at that point there is a desperate response in which they often just burn their own environment before they attack anybody else.

In this case they were perhaps too anxious, expected too much too soon. But if we can provide better job opportunities, provide better housing, better education, they can see it is not a promise, but a chance to make gradual progress—then in my judgment the tendency to protest and riot will gradually disappear.

END

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★ PRESIDENTIAL POSSIBLES ★

George Wallace

WIN OR LOSE: WILL HE DECIDE IT?

PHOTO: FRED KAPLAN—BLACK STAR



"Nobody likes me but the people," says George Corley Wallace, a poor boy who made it to the governor's mansion in Montgomery, Ala., and doesn't see why, if he runs, he can't go all the way to the White House.

No third party candidate has ever come close to winning the Presidency and many political pundits scoff at Mr. Wallace's chances. He's painted as a "spoiler," someone who could take states from either Republicans or Democrats. Wallace just laughs at this reasoning.

The short, peppery, witty, 48-year-old ex-boxer, gunner on a B-29 bomber in World War II, judge and ex-governor of Alabama now is chief adviser to his wife, Lurleen, whom he ran for governor "to continue my program."

As governor, Mr. Wallace was best known nationally for his adamant stand against racial desegregation of schools.

But as governor he piled up an impressive record in attracting industry to Alabama and pushing a

vast highway and a vocational education program.

Mr. Wallace as governor was far more liberal than his national reputation, advocating extensive health and hospital programs. He also pushed hard for building and locating technical schools all over the state.

In 1964 he carried his criticism of "big government" into several Presidential primaries and piled up impressive returns in Maryland and Indiana.

Democrats and Republicans differ over just which party's candidate would be hurt if Wallace ran on a third-party ticket. But many don't discount the possibility he could get just enough votes in the electoral college to throw the decision as to who will be President into the House of Representatives.

"I'm a believer in the Constitution of the United States," he says, and advocates "upholding it."

The spellbinder, rapid-fire stump speaker believes he has growing support over the nation.

There is little middle ground in feelings about Mr. Wallace.

He has strong proponents and opponents.

Critics paint him as an opportunist, appealing to fears and emotions, mostly centering on racial prejudices.

Supporters counter that he stands for the rights of the individual and the little man and the historic division of federal and state powers.

What is his philosophy? In an interview with a NATION'S BUSINESS editor in the governor's office in the state capitol of Alabama, he details his views.

TOP ISSUES

What do you think will be the top issues in the 1968 election?

Viet Nam and the breakdown of law and order in this country will be the top ones. Inflation will be a problem.

The destruction of domestic institutions by the federal government will be an issue.

LAW AND ORDER

What do you think are the most immediate and long-range steps needed to assure future riots don't disrupt the cities and assure there is more civil order?

Riots have come as a result of militancy of anarchists, revolutionists, activists and communists who do not love this country. There is no grievance by any group to the extent that would call for the destruction of the internal security of our country, which could even endanger the external security.

Strict law enforcement is what you do to contain riots now and in the future, and the states, cities and federal government ought to let it be known that anybody who riots does so at his peril. If you will let the police operate like they know how to operate, and if the politicians quit criticizing a policeman when he does his duty, you can stop riots before they get started.

I think the Supreme Court of the United States must recognize that all of these theories they promulgate have hamstrung the efficient operation of the police and that this is not in the interest of anybody's safety.

The overwhelming majority of both races are sick and tired of the tiny percentage of people who have brought about chaos.

At the same time, we must continue to work for better education, better health and expanded job opportunities for all people of all races.

TAXES

Do you see any need for changes in the tax laws?

I think we ought to have fair and equitable taxes and I think we should work toward the reduction of some foreign and domestic spending so we could give higher exemptions to the average man on his income tax. I think the original intent of the income tax was to spread out the tax burden on those able to pay. I am not for soaking the rich or any proposition like that, but the present income tax laws actually hit the little man.

Federal taxes are mighty high and we just cannot continue to have higher taxes and more of these programs of spending that are an absolute waste and do not enhance the

capital investment of our country.

Building of roads and highways and bridges and schools are capital investments that enhance. I'm afraid some of the so-called poverty programs are a complete waste.

Do you favor tax sharing?

I would like to see a gradual reduction of taxes so that the states could recoup themselves. But it seems at the moment that this is not in the offing, so I would favor block grants to the states. Give it to the states and let the good judgment of the folks elected to office in the state govern the use of the money. After all, an elected official or board in Alabama has just as much morality and ability and integrity as does a bureaucrat in Washington.

FEDERAL-STATE RELATIONS

What do you believe is the proper government role in federal-state relations?

The proper role of the federal government is in keeping with the Constitution.

Our country was originally founded on the basis of limited powers, those powers delegated to the federal government and the rest retained by the states. If you want to change the federal role, it should be done by Constitutional amendment and not by usurpation of authority by the judiciary and the executive and even the legislative branches.

Take the schools. It was never intended for the federal government to run the policies of local schools, and yet we find that they are now doing just that. There's no such thing as federal money for the schools. It's the taxpayers' money. They're just getting it back.

LABOR RELATIONS

Do you foresee any need for new labor laws or changes in the labor-management field?

I think we ought to have a good balance between industry and labor and the scale should not be tipped either way. I think both working together in collective bargaining under the free enterprise system is, in the long run, the best for our country. I am for collective bargaining and I don't believe in compulsory arbitration. Of course, there are situations that arise sometimes that necessitate the government acting

as a referee or maybe taking a little more hand, but generally I think that we just should not have any imbalance.

BUSINESS AND SOCIETY

What do you see as the proper role for business in solving social ills?

Well, business does help solve social ills. It's continuing to expand and provide additional job opportunities.

The social problems that we hear the militants talking about are those created by dropping out of school. No man of any race in this country is without a job opportunity if he finishes all of the education available to him in any state. And all can go. But millions of people have dropped out in the past in the third or fourth grade and then 10 or 12 years later they want a job making as much as somebody who has taken the time to learn. You are never going to solve a problem with those people.

FOREIGN AFFAIRS

What do you foresee as major foreign policy problems ahead?

We have the problem of having become involved in Viet Nam unilaterally. Of course, that's water over the dam. Our servicemen are there and we must stand behind them 100 per cent.

We should stop in this country some of the allowances that are taken in the name of free speech and dissent—people raising money and collecting blood and clothes for the Viet Cong, professors who arise on some college campuses and say they long for a victory of the Viet Cong communists. This is not dissent; this is treason. And there's a great difference between honest dissent and overt acts of treason.

If these acts are lawful, the law ought to be changed. I will tell you what I would do if I were President. I would ask the Attorney General to ask the grand jury to prefer charges and indict every person in this country, every professor, that arises and makes a speech saying he wants the communists to win.

Everybody who is raising money and blood and clothes for the Viet Cong communists ought to be dragged before a grand jury and be indicted and, if guilty, put in jail. Treason is defined in the Constitu-



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WIN OR LOSE; WILL HE DECIDE IT? *continued*

tion as aiding and comforting the enemy and this is giving aid and comfort to the enemy. The pseudo intellectual's viewpoint that we have not declared war is purely technical. We are at war.

We also should stop our foreign policy problem of worrying about what people think of us 15,000 miles away. The average man on the street just can't understand this concern.

We have to quit foreign aid to any nation that will not help us. I am tired of billions of dollars going to countries that spit in our face and tell us to drink sea water.

I'm not against all foreign aid. But I am against foreign aid to western countries that just take it and criticize us and won't help us in Viet Nam.

CONSUMER LAWS

What do you think the federal government's role should be in consumer protection?

Well, of course, the consumer should be protected as, for instance, he is by the pure food and drug laws. But I don't think the federal government should go overboard and try to regulate every facet of the consumer industries. I mean of production, packaging and labeling and so forth.

You are often accused of being a racist.

Under somebody's definition, everybody is a racist. I saw the other day where some of the militants call President Johnson a racist. And some of these militants call all people who are white racists.

I consider a racist someone who doesn't like people because of color. I believe that there is a Supreme Being who made all mankind and He loves all mankind and I am not against anybody because of color. I never have been.

I never made a speech in my life that you can find in any paper that I reflected on anybody because of race, color, creed, religion or national origin.

You have characterized your basic philosophy as Constitutionalist.

That is correct.

I believe the people on the local scene have the ability and morality and intelligence to decide the policies of the domestic democratic in-

stitutions better than some fellow in a bureau in Washington can, some guy usually with a beard. That's a figurative description of the pseudo intellectual who sits in an office and looks down his nose at the people and doesn't think they know how to do anything without him writing a guideline.

I understand we must always protect minorities, but the Constitutional system does protect minorities.

It is the system of the pseudo intellectuals imposed upon the people of "letting us decide what is best" that can someday destroy the right of minorities. Someday there may be in charge of our government a pseudo intellectual who is against a minority and if he has all of the powers there, then a minority group would be in trouble.

Do you feel there is wide support for your beliefs over the country?

Yes. In fact, my belief has been distorted by much of the news media. You see, the pseudo intelligentsia can't argue with the practical common-sense proposition of letting local people have something to do with running their local schools. So they call you racist, fascist and write you off.

Southerners have always said we will obey the law, whether we like it or not, and work toward changing it within the Constitution. But now you have some people saying "Disobey unjust laws," and calling for the destruction of cities.

The law-abiding citizens of our country are getting sick and tired of the bureaucrats always catering to a group of lawless folks who cannot ever be satisfied because they don't love this country.

It is the pseudo intellectual who always is talking about the people, but he really doesn't trust them.

What do you think is the mood of the nation?

I find there is a growing discontent among the mass of the people in all facets of our society against big government. The polls have shown, if you put any credit in them, that big government was not an issue four or five years ago, but it is today. I think all the people—the workingmen, businessmen, professional men, farmers, are going to join together to take big government off their backs.

END

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BUSINESS: A LOOK AHEAD

Combatting competition

(Agriculture)

Lasers under ground

(Construction)

Banks eye cities

(Credit and finance)

AGRICULTURE

Low-cost flame-resistance treatment for cotton upholstery offers cotton a chance for a big comeback in a major market.

Cotton has taken bad beating in competition with synthetics. One hundred million pounds of cotton batting went into upholstered furniture in 1951, only 60 million pounds 10 years later despite growth of market.

Over same period, average amount of cotton going into automobiles declined from 36.5 pounds per car to 16. Development of Cotton Flote, resilient cotton batting, by Agricultural Research Service, promoted cotton comeback in upholstery since commercial production began in 1966.

Last May, ARS started research to make Cotton Flote flame-resistant; research was far enough along by September for at least one firm to speed into production. Estimated production for 1969 is 200 million pounds.

ARS experts predict potential market of 750 million pounds in automotive, furniture and bedding markets.

CONSTRUCTION

Lasers, once regarded as province of exotic research, are fast taking hold in broad range of construction activities.

"You can find application of the laser in practically any end of the construction field now," says William Sullivan, manager of sales services, American Vitri-fied Products Co., Cleveland.

Providing means of precise alignment, they're used in work on tunnels, mine shafts, dredging, bridges, building foundations, brickwork and sewer and water lines.

Mr. Sullivan, whose firm's primary product is vitrified clay sewer pipe, describes use of their laser in laying pipe: focusing light beam on reflecting target first helps eliminate much preliminary stake-out work; use of lasers during installation below ground obviates need for repeated transit and level work to assure proper grade.

He says one Ohio contractor experimented on 12-week job, six with laser and six with conventional equipment, found laser use permitted installation of 25 feet a day more with one fewer man on crew.

One company specialized in lasers for this use a year ago, he says, six or eight more have started and others are rushing to join in.

CREDIT & FINANCE

Watch for new efforts to channel private financing into solution of urban problems.

American Bankers Association is setting up special committee of top-ranking bankers to develop enlarged role for banks in attacking big-city problems. At one point recently, ABA was still searching for a staff, had not settled on appointees much less a specific program. But association's staff says one area certain to be considered is urban redevelopment needs.

"The senior management of ABA has been thinking about this for a long time," staff source adds. "We just decided that this was the time to go ahead."

ABA's organized involvement will represent one more development in trend toward greater participation of private business in urban problems. In recent months, combination of insurance companies announced program to pool funds available for redevelopment.

FOREIGN TRADE

Agricultural exports are expected to soar in next few years. Current rate of \$6.8 billion may hit \$8.1 billion by 1970.

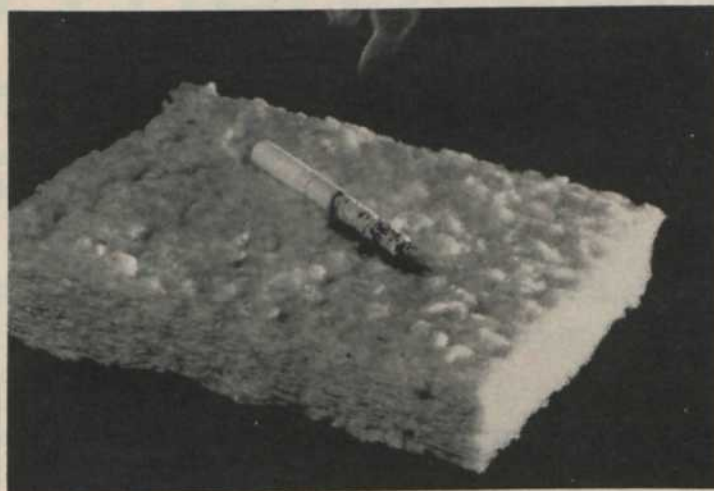
Great gainer is feed grains, expected to rise about 50 per cent from current \$1.1 billion to \$1.6 billion, reflecting greater foreign demand for proteins as diet preferences change. Major export markets will remain Japan and West Europe.

Another expected gainer is soy beans, from \$750 million to \$1 billion over same period.

There's some threat to fruit and vegetable market. On Jan. 1, West Germany is setting permissible levels of pesticide residue in these products. Major U. S. worry is question, unclear in regulations, of point at which regulations apply—at point of entry, intermediate processing, or final product consumed.

Question is crucial because food processing reduces level of residue—like peeling apples and potatoes, or breaking down and dissipating wheat contaminants during baking—or dilutes residue by addition of ingredients.

One worry is that West German



Low-cost flame-resistance treatment of Cotton Flote, a new resilient cotton batting, gives cotton a big comeback chance.

regulations, if unrealistically applied, could set pattern for regulations under consideration by six-nation Common Market, thereby reducing U. S. exports.

MARKETING

The generation gap, great subject for editorials, will have growing importance for advertisers as population grows younger.

So says New York adman with good trend-spotting record, who's convinced traditionally successful techniques will lose pull for more sophisticated youth.

This source says attitudes, language and entire frame of reference among late teens and early 20's differ from that of older set, including company marketing officials.

He describes younger attitude as questioning, if not opposed to, "the establishment," and suspicious of its statements.

Translated into TV advertising, for example, this means less receptivity to patent medicine commercials featuring "pseudoscientific gurgling" of human internal plumbing; ads must be more than honest simplifications of way a product works—they must look honest.

His forecast: less exaggerated or boastful ad claims, greater trend to-

ward straight talk, even self-deprecation.

MANUFACTURING

A 102-million-ton steel year?

That's the U. S. consumption estimate of some industry analysts, representing three million tons over 1966 and 6.3 million over 1967, depending on certain assumptions:

A higher level of consumer spending, sustaining auto production of 8.9 million units in 1968 as against 7.5 million last year, and truck production rise from 1.6 million to 1.75.

A five per cent increase in over-all construction, a risky bit of forecasting which assumes residential category will go up 10 per cent and industrial and commercial construction, up two or three.

Other steel industry projections of increases: appliances, five per cent; canning, four or five; railway cars, five; agricultural machinery, seven. Aircraft and ordnance, estimated in tonnage of steel consumed, up to 2.5 million for an increase of 500,000 tons.

NATURAL RESOURCES

Washington will give much more attention to fuels and other mineral industries in years ahead.

That's strong suspicion of capital observer who's examined outline for study by Office of Science and Technology promised by President Johnson in last State of the Union Message.

Resources for the Future, Washington think tank, has worked up plan for determining effects of extractive industries' policies on national and regional economies, segments of industry.

Its report will provide basis for OST study.

Study gets impetus from several factors: consumerism getting high priority in Washington, expansion of anti-pollution concern into over-all emphasis on quality of environment, thought that some United States resources are playing out while political turmoil in underdeveloped countries makes future supplies uncertain.

TRANSPORTATION

Transportation of city dwellers to suburban jobs gets greater emphasis as metropolitan areas grow, problems increase in core areas.

Labor Department survey several months ago pinpoints increasing difficulty—cost, time, inadequate facilities—of moving working poor in central cities to expanding job opportunities on the fringe.

It's problem for business, too. New York City manufacturer moved to larger site on Long Island with intention to expand operations, including payroll.

But he found expansion hampered by lack of work force; jobs went begging.

Several cities experiment with job matching programs.

In Washington area, group representing local governments hopes to conduct express bus experiment on three-corner route: Suburbs to downtown, deadheading to inner city low-income areas, express run to suburban job centers.

Hope is to reduce deadheading on suburban runs, increase productive use of equipment and drivers, work toward lower fares all round.

HOW BUSINESSMEN CAN SWING VOTES

A massive shift in power came in wake of business community action



Repeal of strike-benefit law is discussed by Hans Traulsen, head of a citizens committee (from left), State Chamber Executive Vice President Albert Acken, publicists Samuel Faiello and Joseph Mayers, and Chamber Secretary Peter Dorn.

Last April, some 300 concerned New Jersey businessmen listened intently as one spokesman after another angrily denounced a proposed state law to pay strikers.

But Democratic Gov. Richard J. Hughes, at whom the arguments were directed, was unmoved; he told the group the striker-benefit provision was a "party policy that I can't abandon." Nor did he. The law finally passed and he signed it within 40 minutes.

On Nov. 7, the voters of New Jer-

sey turned out a two-to-one Democratic legislature and elected Republicans three-to-one in both houses. More importantly, a majority of the victors are lawmakers with more than usual appreciation of what's needed for healthy business.

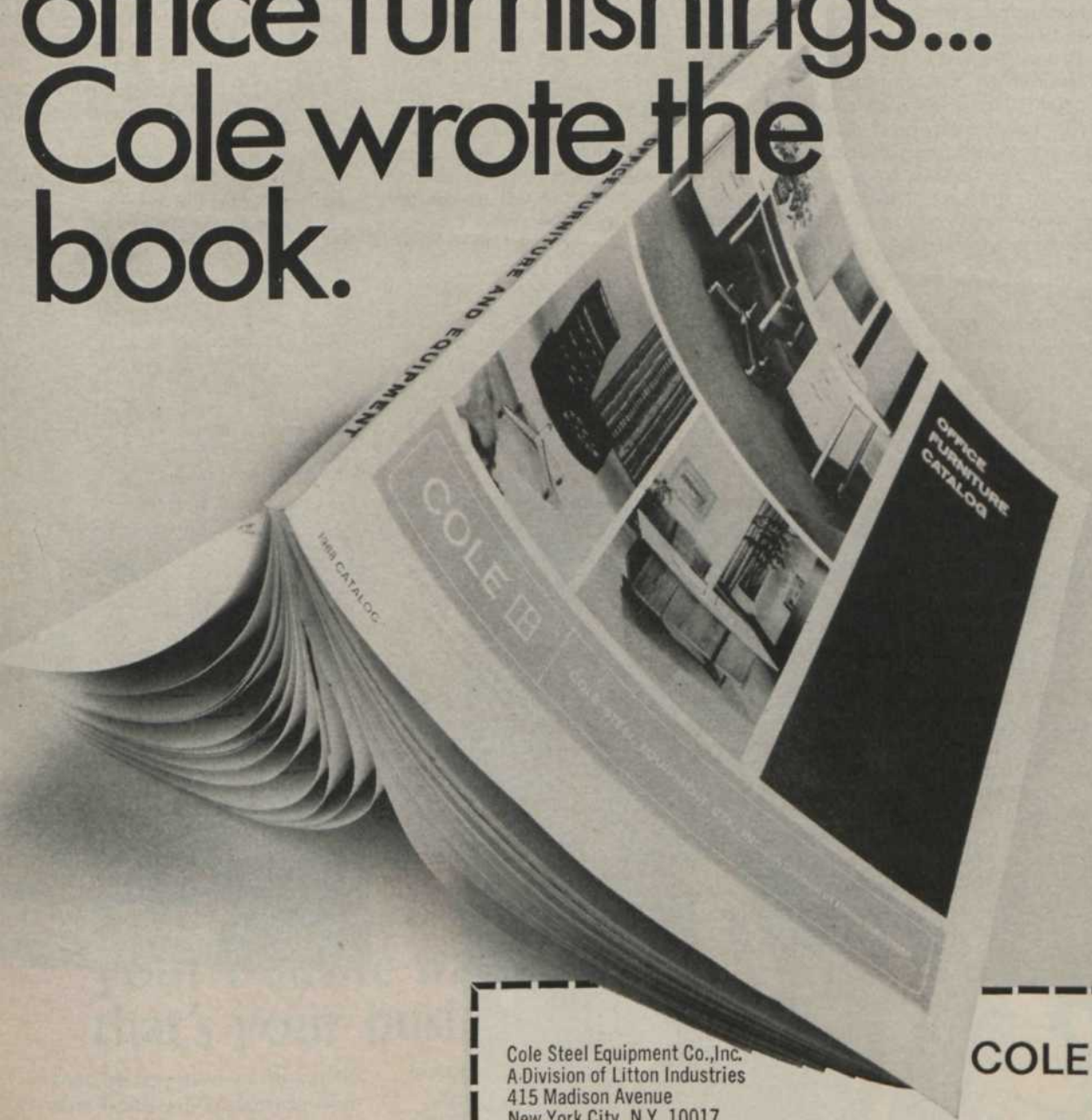
Many forces were at work in the state, including national and local issues, to effect the stunning shift in party power.

However, resentment of the striker-pay law, coupled with unprece-


dented involvement by business in the political campaign, played a major part in helping turn the tables in New Jersey.

The controversial law revised the New Jersey unemployment compensation system, originally established to pay workers involuntarily laid off. It made compensation available to strikers, and drew business opposition on the grounds that it would encourage strikes, prolong them, or force management into hasty and uneconomic settlement of wage dis-

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putes. In the long run, management would be financing strikes against itself. Here's how:

In New Jersey, both employers and employees contribute to the compensation trust fund. The strike-benefit clause provided that funds used for strike benefits would be limited to the employee contribution. But employer taxes rise as the total trust fund—employer and employee contributions—declines in relation to total payroll. Thus any drain on the total trust fund would raise employer taxes.

Analysis of the business role in

the election offers some lessons for business in other states that can be useful in the years ahead:

- Business can get results if its leaders will stick their necks out and be prepared—figuratively—to see “blood spilled all over the state,” says Albert Acken, executive vice-president of the State Chamber of Commerce.

- Labor's political muscle can be overestimated by labor itself, business, Republicans and Democrats. In New Jersey, the unions couldn't deliver in a “holy war” against management. “No group can say

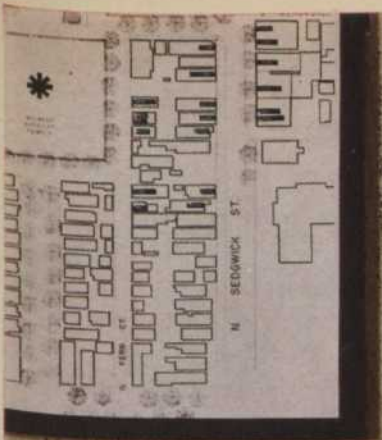
they can deliver the votes,” says defeated Democratic State Sen. Mildred Barry Hughes.

- An organized effort by business can succeed. “They could organize and outwit labor any time they felt like it,” comments Conover Spencer, executive director of the state G.O.P., provided businessmen become actively involved in large numbers.

- Such participation can pay off, regardless of party. “We intend to go back after the business community again,” reports William V. Browne, executive director of the

New Jersey Gov. Richard J. Hughes, shown seated in photo at right, got an earful from businessmen opposing a strike-benefit law at a gathering of some 300 manufacturers at Trenton. Speaker at the lectern is Paul Troast, Manufacturers Association chairman.





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state Democratic Party. "We hope we haven't closed the door."

New Jersey is a diverse state of seven million people spread over farmland, suburbs and heavily industrialized areas. As elsewhere, Republicans and Democrats don't divide neatly as probusiness and prolabor.

Republican Sen. Clifford Case runs strong with massive labor support. (During last year's legislative campaign he supported the strike-benefit law.) Many Republican legislative candidates wished to ignore the issue and resisted—unsuccessfully—making repeal a plank in the G.O.P. platform, whether from conviction or fear of labor's wrath.

One official of the New Jersey Manufacturers Association laments the defeat of some Democrats with whom business enjoyed a relationship of mutual respect and cooperation. The same official, along with Gov. Hughes, points out that the Democratic legislature had put through some measures of benefit to some segments of business. But in direct conflicts between management and labor, the latter prevailed.

Some business sources criticize business support of candidates whose only credentials consisted of opposition to the strike-benefit law, regardless of their position on other issues. You can also find Republican "pros" who feel the business campaign for repeal diverted funds from the G.O.P., even though it won.

"Our biggest problem was a lack of financial support from the business community," says one.

Business finds new muscle

Political participation—or even awareness—traditionally has lagged in New Jersey. Ernest E. Robinson, assistant vice president of the Manufacturers Association, notes that a 1959 survey of the state's top manufacturers revealed that only 54 per cent had ever contacted an elected representative on a legislative matter.

Only 34 per cent could even give the names of legislators representing their electoral districts.

Things have changed, slowly. The Manufacturers Association has set up Employer Legislative Committees in each of the state's 21 counties to seek an improved economic climate by developing a voice for employers through person-to-person contact with legislators. Some 1,500 officials from 775 companies repre-

sented 600,000 jobs now participating.

The State Chamber, on the other hand, has developed no mean capability in conducting state-wide campaigns based on issues rather than candidates. Its formula: Establishment of a citizens committee to identify and emphasize the interests of groups other than business, and mounting a massive public information campaign.

It all started in 1963 when Gov. Hughes proposed a \$750 million bond issue which business feared would carry both a sales tax and personal income tax in its wake. "I felt we had to go beyond businessmen," says Mr. Acken of the campaign that helped defeat the bond issue in state-wide referendum.

Next time out it was a proposed state income tax, which the same approach helped defeat in the legislature and win a sales tax in its place.

It was against this background that business undertook to battle the strike-benefit bill, known by its legislative designation as S-400. "It takes something pretty horrible to get businessmen stirred up," observes John Q. Jennings, employee relations consultant with the Singer Co., which has a plant at Elizabeth, N.J.

And S-400 did.

Several sources say it was the way the bill was railroaded through the legislature as much as its content that riled business. For example, it was introduced in the Senate, referred to committee, reported out without hearing and given a second reading all in one day—before legislators had received written copies.

And it passed the assembly later by one vote. Four committed opposition votes vanished after Gov. Hughes pledged that the town of Secaucus in the county represented by these same four would be the site of a new race track.

Reaching the public

Business next did two things. The State Chamber reactivated a group known as PUB—New Jersey Citizens Committee to Protect Unemployment Benefits—which had been fighting the strike-benefit bill in the legislature. Its goal was to elect candidates committed to repeal. Its means, another campaign to inform the public.

The Manufacturers Association's Employer Legislative Committees

of New Jersey resolved to work for like-minded candidates through a different route, fund-raising, channeling contributions through another organization, the New Jersey Organization for a Better State, known as "New Jobs."

"That was, bluntly, to put our money where our mouths are," says the Association's Mr. Robinson.

"We had to go out and work for every bit of money we raised," he reports. The result: \$37,000 in contributions toward a total \$75,000 to \$80,000 disbursed by New Jobs. "That's not very much money for a

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HOW BUSINESSMEN CAN SWING VOTES

continued

state of seven million," remarks Leonard Johnson, president of the Manufacturers Association.

Mr. Acken of the State Chamber, who served as treasurer of PUB, tells of having to explain the facts of life to one multiplant employer with facilities in other states. The facts: If labor were successful in retaining the law in New Jersey, other industrial states might be in for the same treatment.

Newspaper reports suggesting the same thing helped. (Only two other states, New York and Rhode Island, now have such laws. Four others did, but repealed them.)

PUB, which eventually reached membership of 20,000 (reportedly including some union members opposed to the law), put up some \$150,000 toward the campaign, which embraced radio, newspapers, billboards and direct mailings.

Ads with cartoons showing pickpockets, purse snatchers and angry faces carried slogans like: "Take your hand out of my pocket. . . . Why should I pay for your strike?" or "What! More taxes . . . to pay strikers?"

The Newark public relations firm of Mayers & Faiello, Inc., devised this approach in recognition of the fact that there are 700,000 union members in the state, but 1.5 million other workers covered by unemployment compensation who are not organized.

Candidates were polled as to their position on S-400 and the results published in newspaper ads. Citizens writing to PUB in response to the ad campaign were given lists of their local candidates, and urged to contact them and round up other voters opposing S-400.

The G.O.P. campaign

Meanwhile, the Republican campaign was in progress. Here's how it went, according to Mauro Checchio, assistant to the corporate vice president, Johnson & Johnson, in New Brunswick, N.J. He served full-time for four months as an assistant to State G.O.P. Chairman Webster Todd.

The G.O.P. surveyed the state, using the Swarthmore, Pa., firm of pollster John Bucci, who helped pinpoint issues. Significantly, S-400 was opposed overwhelmingly by those voters who were aware of it, but the issue was hardly uppermost in the average citizen's mind at the outset.

The firm of Campaign Consultants, Inc., of Boston, headed by John Deardourff, a respected pro who has worked for John Lindsay and Nelson Rockefeller, was signed on.

Mr. Checchio became assistant campaign manager for the state.

He credits much of the outcome to the most professional G.O.P. campaign in recent memory, but doesn't minimize the effect of the S-400 campaign. "That was a big factor. They (PUB) provided tremendous advertising coverage."

On the other hand, Frederick J. Scholz, senior vice president of First

What will the
coming year
be like?

Read what
business leaders
expect.

See the Nation's
Business Quarterly
Outlook Survey,
page 32.

Camden National Bank and Trust Co., an outgoing state senator and G.O.P. campaign director, gives little to business for the strictly partisan Republican effort.

"When S-400 was before the legislature, we could have had their right arm," he says. "When it came to the election, they evaporated into the night."

His basic gripe: Too few firms in the state like Johnson & Johnson and men like Mauro Checchio ("that guy's fantastic").

One company, the Singer Co., wrote all its employees urging them to support candidates committed to repeal. "This is the first time we ever tried to persuade our employees to vote for or against a candidate in a specific election," says Singer's Mr. Jennings.

Singer's general manager, Carl

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'68 Chevrolet *Job Tamer* TRUCKS

Broeker, emphasizes that the step was taken without adverse union reaction only because the company had long established its credibility with its employees—explaining why the plant is the sole surviving U. S. producer of sewing machines for home use.

Many issues are cited as contributing to the election outcome, of

which S-400 was only one. They include dissatisfaction with Viet Nam, the problems of crime, racial disorder and other urban issues.

The G.O.P. slogan: "Why wait till 68?"

The State Commissioner of Education, Carl L. Marburger, didn't help the Democratic cause when he made a speech in late September

advocating school integration by obliterating school district boundaries—interpreted by many as bus-ing.

A quick Bucci survey showed 80 per cent of whites and 75 per cent of Negroes opposed.

And there was widespread dissatisfaction that enactment of the state's first broad-based tax, the sales tax, failed to relieve upward pressure on property taxes. Anti-Hughes Administration candidates made use of statistics and research materials produced by the Manufacturers Association and the State Chamber on this as well as other issues.

Business sources say that they had newspapers going for them to an unprecedented degree. Virtually every paper in the state editorialized, repeatedly and vigorously, against striker pay, partially due to the spectacle of newspapers dying in neighboring New York which has a similar law.

A flash in the pan?

Businessmen in New Jersey feel that they individually, or other businessmen in the state, had measurable impact on the outcome.

Will those in politics stay in, and others join?

Says the State Chamber's Mr. Acken: "We think they have learned their lesson and they are going to take a greater interest in politics."

Leonard Johnson reported to his Manufacturers Association Board of Trustees:

"In the long run, S-400 may serve to benefit the New Jersey business community. The emotion it has generated to promote employer interest in politics may be the most significant development in 1967. If this interest continues and grows, we may yet slow down the erosion of the employer right to make his own decisions."

State Sen. Francis X. McDermott, who was executive secretary of New Jobs, says several have told him they plan to establish political affairs departments—called "civic affairs, public affairs or governmental affairs."

Some businessmen plan to send officials to Trenton to work with the legislature and find out how it really operates.

"When a guy says that to me," concludes Mr. McDermott, "he wants to lock in what he thinks his victory was."

END

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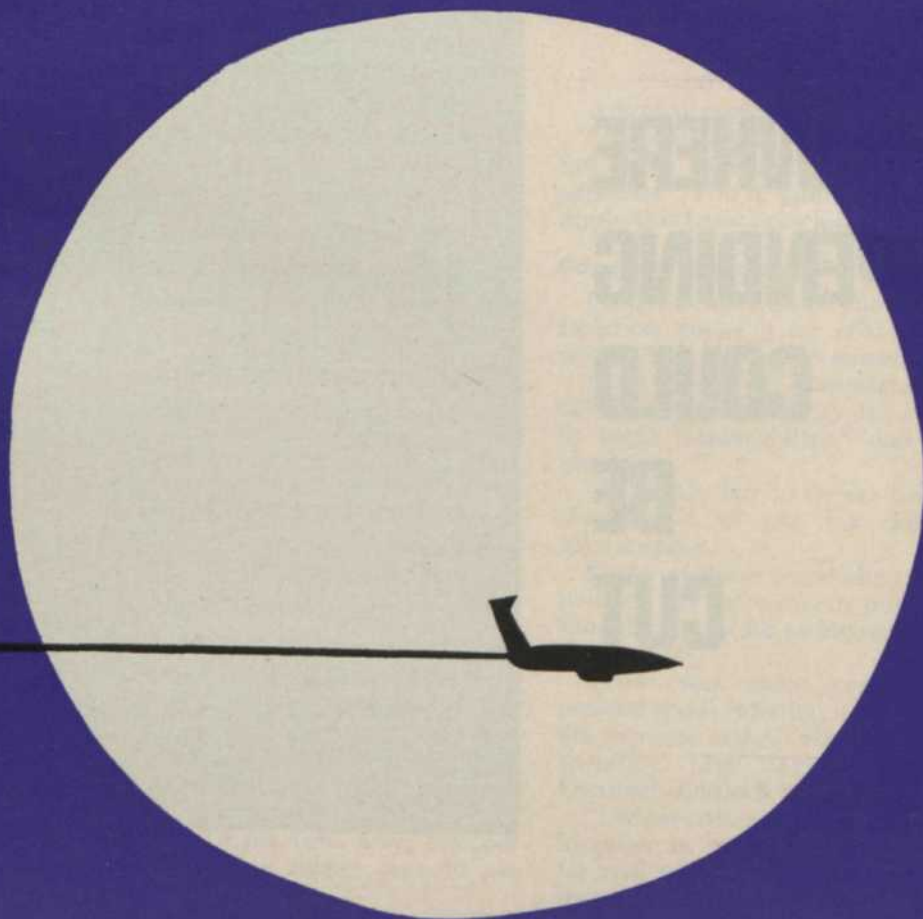
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WHERE SPENDING COULD BE CUT

Table shows federal budget figures this year on 19 domestic programs—and what businessmen would cut first.

Program	1968 App. request in billion \$	Per cent who would cut
Department of Agriculture	5.0	92
Foreign aid programs	2.5	91
Office of Economic Opportunity	2.1	90
Urban grant-in-aid and loan program	1.9	86
Economic development assistance program	0.425	84
Space program (NASA)	5.0	79
Office of Education	4.1	78
Bureau of Outdoor Recreation	0.146	77
Corps of Engineers—Civil	1.3	76
Supersonic transport	0.198	73
Military family housing	0.814	71
Civilian and military pay increases	1.0	69
Peace Corps	0.124	68
Military Construction	2.1	68
Ocean shipping—ship construction	0.143	68
U. S. Information Agency	0.194	66
Public health services (excluding NIH)	1.7	64
National Science Foundation	0.526	63
National Institutes of Health	1.2	45

The nation's businessmen are apparently willing to support a tax increase to prevent a gigantic budget deficit and curb inflation, but only if federal spending is cut substantially.

This was the majority position of 13,092 members of the Chamber of the Commerce of the United States in response to a survey on federal spending and taxes.

There was an overwhelming demand for drastic reduction in federal spending in 1968.

"We must put a stop to inflation," comments A. J. Vonderhaar, executive vice president of the Iowa State Bank at Fort Madison, Iowa. "If it is not done by cutting spending,

as I feel it should be done, it must be done by increasing taxes. A combination will do the best job."

His response was typical.

"Cuts can and should be made, before the bottom goes out of the barrel," notes a banker in Pennsylvania, who worries over inflation.

Ninety-six per cent of those responding to the poll felt federal spending in fiscal 1968 should be reduced, and 45 per cent of those favoring cuts suggested more than \$10 billion. The next largest group, 33 per cent, favored trimming the budget by \$8 to \$10 billion, 20 per cent by \$5 billion to \$7 billion and two per cent by \$2 billion to \$4 billion. Only one per cent of those re-

plying felt federal expenditures should not be cut. Three per cent voiced no opinion.

Of the individual returns, 65 per cent came from businesses with one to 100 employees.

Many who responded to the survey were pointed in opposition to continued domestic spending at the current level because of the Viet Nam war.

"We are at war," notes a North Carolina manufacturer. "Domestic programs and foreign aid should be curtailed until Viet Nam is resolved."

Views on tax hike

On a tax increase, 54 per cent responding said they supported it "provided spending can be reduced by an amount that is comparable to the revenue gained by the tax increase."

Another four per cent favored increasing taxes without qualification.

"The only possibility of a balanced budget is a middle-of-the-road reduction of government spending, combined with an acceptable tax increase," comments J. D. M. Treece, chairman of the board of Granning and Treece Finance Group, Portland, Oregon. "One without the other would be insufficient."

Forty-one per cent of the businessmen responding were opposed to any tax increase.

Comment from this group was in the vein that taxes were high enough and unnecessary, if federal spending were reduced.

"It is impossible to keep a sensible budget when we are at war, if civilian boondoggling goes on at the same time," says a manufacturer in Illinois.

A Louisiana businessman puts it this way: "Why should we support a tax increase? So the government will have more money to mismanage and waste?"

Agriculture, foreign aid, poverty,

urban grants and the space program were highest on the list of programs where reductions could be made.

Where they'd economize

Ninety-two per cent favored cuts in farm programs. Foreign aid was second; 91 per cent view this as a field where major reductions could be made. The so-called anti-poverty program was third. And 60 per cent would cut this severely.

"I am firmly convinced that foreign aid should be cut drastically," comments W. W. Townes, president of Trussfab Inc., Clackamas, Oregon. "We hear too many reports of inefficiency and corruption in it."

On the tax increase, the majority believe the Administration's proposed 10 per cent surcharge is too much. In the poll 31 per cent favored a one to three per cent surcharge; 37 per cent a four to seven per cent surcharge; 15 per cent an eight to 10 per cent levy; one per cent favored a surtax over 10 per cent.

Seventy per cent of the participants feel the surcharge should be applied on corporations and individuals alike and at the same level.

As for the length of such a tax, 59 per cent believe it should be for one year and 13 per cent for two years. Twenty-one per cent favored continuing it for as long as the nation's efforts in Viet Nam require greater revenue.

There were many who feel the federal government is trying to do too much.

"Too many irons in the fire," says a Texas distributor. Scores of others commented there were "too many duplicating programs."

A goodly number of those participating in the poll commented that they'd be out of business if they kept on spending more than they made and asked why can't government operate like industry.

A typical comment:

"In business when revenue does not cover expenses, you must cut expenses. You're going to have to apply this basic principle."

Congress criticized, too

Congress, as well as the Administration, came in for criticism for not holding the line on spending.

"Too few of our Representatives do little more than pay lip service to fiscal responsibility," one comments.

"It is only fair to expect prudent stewardship of our tax dollars," says another.

Many of those responding to the poll felt tax increases in the future should be only for reducing the national debt.

There was much concern expressed about inflation if there is no tax increase and no effort to reduce spending. [See NATION'S BUSINESS Quarterly Outlook Survey, page 32.]

"Unless cuts are made and a tax increase is made, we are headed for real trouble," is a typical comment.

Some feel it would be better to let the government choose where to make the cuts.

"Since all government spending programs appear to have merit, cuts in spending should be handled on the same basis as the tax increase," suggests William Vischer, secretary treasurer of Vischer Products, Chicago, Ill. "Since each program has its many projects, I would leave it up to each program to have its own priority list and make cuts from the bottom of the list."

The comments about the anti-poverty and foreign aid programs were particularly pointed.

A Texas businessman feels aid for the "old, sick and young children," is fine. "But I have no use for helping able-bodied people."

Another objects to the government's trying to be everybody's "big daddy."

END

AUTHORING SUCCESS

A conversation with Bennett Cerf, author, entrepreneur and wit, who founded Random House and created a giant in the book field

In his own mind, Bennett Cerf's two most important successes are making publishing a paying proposition and finding and developing talent.

A score of the finest novelists, biographers, historians, essayists and poets of our time either first saw the light of day under Mr. Cerf's imprint, or were led to new heights by him.

Being successful in one career has not been enough for this bubbly, imaginative, outrageously witty man. He has written 11 books of his own. He does a daily syndicated humor column for nearly 200 newspapers. He was one of the big stars of the long-running television program, "What's My Line." He gives scores of lectures each year and he has served on several corporate boards of directors.

He has initiated dozens of inno-

ventions during his more than 40 years in publishing.

Bennett Cerf, by any standards, is getting on in years. He's an unbelievable 69.

But he acts, talks, thinks, bounces about and works as if he were 39.

He is a leader deluxe. He and his partner, Donald Klopfer, founded Random House in the 1920's and built it into a giant of publishing.

Another success Mr. Cerf is proud of is his family—a wife he has been married to "since long before time began" and his two sons. One son is finishing Harvard University and will soon join Random House. The other is now one of Random House's highly valued editors.

Mr. Cerf's wife also is a Random House editor, and Mr. Cerf gleefully lauds the benefits of nepotism.

In the following interview, Mr. Cerf candidly talks about the prac-

tices of his industry and traces his own varied and unique career.

Mr. Cerf, what makes a book sell?

That's a question that people have been arguing about since the publishing business started. Is it word of mouth? Is it fortuitous circumstances? Is it book club choice? Is it good publishing exploitation? Or is it advertising?

All the advertising in the world will not sell a book that has not gotten some kind of start for itself. Like a car stuck in the mud. If it is really stuck, 10 people can't get it started. But if it is moving just a little bit, one man can push it.

When can you tell a book is beginning to move?

Of course, if you have a book by an author who is well known, you are in before you start. It doesn't



require any great skill to make a best seller from a book by John O'Hara or James Michener or Truman Capote. The publisher who is worth his salt is the one who can take one unknown, find a handle for the book and put it over. That is the exciting part of publishing, discovering some new talent and watching the new talent burst on the scene. Then watching the author change overnight.

Who are some of your writers and some of their best works?

The first great author Random House had was Eugene O'Neill.

When we combined with a firm called Smith and Hass it brought us a small but beautiful list headed by one of the giants of American literature, William Faulkner.

Next thing that happened to us was that a very wonderful editor, Harry Maule, came to us, and brought with him Sinclair Lewis, William MacFee and Vincent Sheehan. Editor Albert Erskine brought us Robert Penn Warren. So now we really were off and running. Then we began developing some young authors of our own. We published Budd Schulberg's "What Makes Sammy Run," "The Young Lions" by Irwin Shaw. Then came Truman Capote and his memorable "Other Voices, Other Rooms."

Two of our most important authors now are John O'Hara and James Michener.

Some authors wait eight or nine years between books. But not John O'Hara or Michener. When they finish one book, they are ready to start another one.

William Styron was another four-star addition to the Random House cast. His "Confessions of Nat Turner" in two weeks became number one on the best seller lists. This is one of the great books of our time. This is one of the reasons that I am so happy being a book publisher. Just to have a book like that with my imprint on it, by God, that is exciting.

What percentage of books bought are read?

That depends largely on the type of book. I guess one of the most profitable authors we have had is Dr. Seuss. Theodor Geisel is his real name. His "The Cat in the Hat" is the most successful children's book ever published in this country. It has sold a couple of million copies. A copy of a book

by Dr. Seuss you can bet is read not only once but by 50 kids before it exhausts itself.

A novel by John O'Hara, I would say 90 per cent of the people who buy that read it. A novel by Michener, the same. But then you come to books that have prestige value. Because the reviews are superb, people buy them.

"Doctor Zhivago" got a great amount of front-page publicity when Boris Pasternak, the author, wasn't allowed by the Russians to take the Nobel Prize. I would say a good half of the people who bought that book put it on their library table and didn't read it.

Would you recommend book publishing to any young man who has reasonably decent prospects of succeeding in anything else?

I would recommend it if he loved books and writers of books as much as I did when I was a kid. I decided in my second year of high school that book publishing was for me.

I have never seen anybody go broke in the publishing business. Some of them have cried a lot about publishing. I have seen their tears bounce off the decks of their private yachts.

Your office here, do you know how many books you have?

Yes. In this room are about 3,000 books.

And you have read them all?

I certainly have not.

Are you a fast reader?

Yes, I can read a manuscript of a novel in one evening.

I just came by it naturally. Maybe this is one of the reasons that I love books, because I always found them easy to read. You have to have good retention. When the author comes in the next day he is suspicious and gives you a quiz. One trick is to ask you about an episode that is not in the book. You say "Yes, that was damn good," and he knows you are faking.

Is book writing a proper vocation for a bright lad?

You can't make a writer. I am on the faculty of the Famous Writers School in Westport, Conn., which I think is the best mail-order writing course that has ever been developed in this country. But I keep telling anybody who writes me that this school doesn't pretend to

teach people writing. It can only tell a writer how to polish his work.

Is fiction dying?

Not at all. It is just that the ratio has reversed itself. When I started in the publishing business 40 years ago, fiction outsold non-fiction four to one. That ratio is now exactly reversed.

The reason is the world has become such a wildly exciting place that the novelist is hard put to keep up with the front page of the daily newspaper.

Has TV hurt fiction?

TV has hurt a certain kind of fiction, what we used to call hammock reading. Some novels, light fiction or light love stories, mystery stories, westerns, have been hurt by TV because all you have to do is turn a knob and you will see four westerns, four mysteries, spy stories—along with ads about bad breath, under-arm odors and dirty sinks.

But good books have not been hurt by television.

Some books are published and you never sell another copy after the advance sale. In fact, you get back some of the copies you sell in advance. They are born to blush unseen, and waste their fragrance on the desert air. Sometimes they are darn good books too! Another first novel will come along not much better than six others that have failed, something happens and suddenly it is in.

It is like a horse race. A 50-to-one shot comes in once in a while.

Would you describe the process of buying a work and bringing it to the marketplace?

An important author today, with the competition in its present keen state, can get almost anything he wants as an advance.

Sometimes it is wise for a publisher to take a book on terms that he knows can never allow him to break even, because there are other advantages in having that book. A publisher may want to have a book by a distinguished citizen on his list to lend it distinction. He is willing to lose money on that book because he is getting publicity to compensate.

Ledgers of publishers are full of advances that were paid for books which were never delivered. One publisher told me he has paid out over \$1 million in the last 20 years for manuscripts he never saw, for

books that never even arrived, for authors that vanished.

But the man today who won't take a chance is dead.

Tell us about the founding of Random House. Incidentally, isn't that a rather strange name?

It is an accidental name.

My partner, Donald Klopfer, and I got to know each other at Columbia in a music appreciation class. Only lazy fellows like Don and I knew about the class. We got credit for listening to a fellow play pieces on the piano. It was wonderful.

We became good friends and then we bought The Modern Library together from Horace Liveright. That was in 1925. For about a year we were busy making back the money we had paid for The Modern Library, since some of it was borrowed. As soon as we found ourselves free and clear, we wanted to do some other things.

The Modern Library was profitable but not terribly exciting. We were publishing the successes that others had made. We wanted to publish successes of our own. One day I walked into the office and said, "We are going to do a few books here and there at random. Why don't we call it Random House?"

At that moment Rockwell Kent, who was then the most popular artist in America, was sitting at my desk and said, "That's a good name. I'll draw you a trademark." In about five minutes he drew this house, which is still our trademark. The bigger we got, the angrier he got for giving it to us for nothing.

What did you pay for The Modern Library?

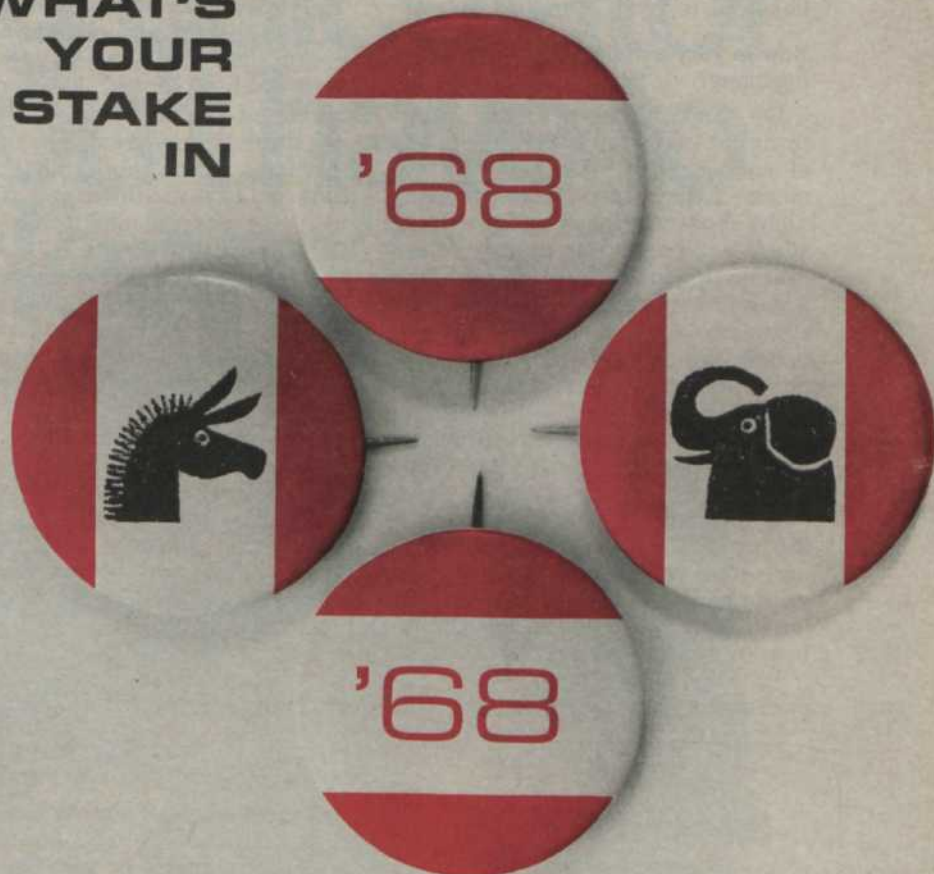
Two hundred and fifteen thousand dollars. That was a lot of money in 1925.

I was working for Liveright and I wanted The Modern Library. Many times I said, "Why don't you sell me Modern Library?" For my pains I would be thrown out of his office, and rightly.

One day I was going to Europe and Horace Liveright treated me to lunch at a place called Jack and Charlie's, since renamed "21." He was wishing me bon voyage. He liked me. I was a worshipful kid and he was a great publisher to me. He began moaning about personal debts he had incurred. And for about the fourteenth time I said, "Why don't you sell me The Modern Library?"

This time, to my astonishment,

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he said, "What will you give me for it?" We finally hit upon this figure of \$215,000.

We made it back in exactly two years. The Modern Library is the keystone today of Random House.

How is your acquisition by RCA coming along?

Oh, that has been a very happy thing for everybody concerned. We, of course, got a fair price for our stock. I don't have to worry every night about whether Random House stock is going up or down. Whenever it declined I took it as a personal grievance and was afraid to show my face in public, for fear people would say, "Look at that dope; his stock went down." And, indeed, they did.

It was a pleasure to get under the umbrella of a huge corporation like RCA.

A lot of publishers today are tying up with big companies. RCA and Random House are only one example. CBS bought Holt, Rinehart. Xerox bought American Education Publications.

It is the educational part of the publishing business that interests

these great companies. In the next 10 or 12 years, desks of school kids are going to look like miniature computer centers with all kinds of machines on their tables and desks. They will take their examinations on something that looks like a typewriter, and the grades will come back from a central location in a matter of minutes.

I think that is great, because now teachers spend about half their time on examinations and fighting with the parents about the marks they gave little Willie.

The production of these machines will not cut down on the people needed. It's Parkinson's Law. By the end of the year you have more people and twice as much machinery as you had before, but of course you get much more information and you get it quickly.

These machines we call the hardware. The publishers are going to supply the software, the material that is fed into these machines. Without software, machines aren't worth anything. It is like a man who buys a beautiful Rolls-Royce. If he hasn't got gasoline in there, it won't move.

How do you see yourself in the intellectual world and business world?

I must admit I am not an intellectual. People think I am more of an entrepreneur, or playboy, as I have been called. This is by angry competitors who resent the fact that I enjoy my life much more than they do.

Publishing is one part of my life. I ham it around on television. I enjoyed my years on "What's My Line" more than I can possibly tell you.

I now consider myself an actor out of work, and I am dying to get back on.

Since then a week doesn't go by but one or two shows are offered to me. One, so far, worse than the other.

I also write. I went through Columbia School of Journalism and was the editor of a paper there. But I didn't do any real writing until World War II when it seemed to me many people needed laughter very badly, just as they do today.

I proposed to the publishers of "Pocketbooks" that I do a book of war humor. This sold about two million copies. Suddenly I was an author.

I did another book, this time anecdotes, always about people I had met. I have always gone

around with stars in my eyes. When it was finished it was to be another paperback, but it also became a hard-cover book.

I suggested the name, "Try and Stop Me." It was published in the middle of the war, and I think it was the number one best seller for about 10 months. We sold about a million hard copies.

So that established me as a collector of humor. I started doing a column for *Saturday Review* called "Tradewinds" and a column for *This Week* magazine called "Cerfboard." Then King Features said, "We have got hundreds of papers signed up. Why don't you go ahead and do a daily humor column."

So to this day I do a column for the newspapers called "Try and Stop Me."

A story I've told a thousand times is about a fellow I met up in Bridgeport, Conn., a gynecologist, about 82. He has delivered about 2,500 babies. He charges either \$100 or \$200. I asked him, "How do you decide how much? Do you look up their bank account?" He said, "I couldn't care less. Whenever I deliver a baby, I go down to the waiting room where the father is pacing up and down. If the fellow asks, 'Is it a boy or a girl?' I charge him \$200. If he asks, 'How is my wife?' I charge him only \$100."

Well, when you hear a story like that, that is a nugget. That goes into the back of my little head, to be used on any necessary occasion.

Your lecture fee is about \$1,500?

It's quite high, I admit. But the gross for a week like that (sometimes I'll do eight talks in one five-day span) is so big it pleases the ham in me. A good part of it goes to the agency and the rest to the United States government. But the urge of earning this money just for talking is so fantastic. My wife, Phyllis, rolls on the ground with laughter. She says, "If these folks only knew that you would pay them for the privilege of talking." **END**

REPRINTS of "Lessons of Leadership: Part XXXII—Authoring Success" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

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Aramco President Barger and King Faisal meet several times yearly for business and social talks.

Working together, Aramco and Saudi Arabia turn rich oil fields into a source of mutual prosperity

DHAHRAN, SAUDI ARABIA—When matters of high policy and finance must be considered on the highest level, the president of Arabian American Oil Co. goes directly to King Faisal in Al Hamra Palace in the dusty, sweltering desert town of Riyadh.

The American is ushered in by Arabs in *ghutra* and *agal* headpieces, shoulder capes and flowing white *thobes* which look like shirts with long tails.

These meetings are highly ceremonial as befits a king and chief executive of the largest U. S. business venture abroad.

Billions of dollars are involved.

Hundreds of thousands of American shareholders and Arab employees are affected.

Aramco's Thomas C. Barger may take along a company delegation which he leads by right of his presidency. Behind him may be Senior Vice President Robert Brougham, then perhaps Harry McDonald who specializes in government relations and Mike Ameen who represents Aramco in the capital city.

On the Saudi side will be Sheik Ahmed Zaki Yamani, Minister of Petroleum, whose English is as good as anyone else's because he went to both Harvard and NYU.

English fades out and the throat-

clearing sounds of Arabic take command. King Faisal speaks English, but since these meetings are in Araby, let the language be Arabic.

Everyone's health is inquired into, especially the King's because on him depends much of Aramco's future. In turn, much of Faisal's and Saudi Arabia's future depend on this huge American company.

Coffee is poured at the start, hot mint tea is served halfway through

*Associate Editor Sterling G. Slap-
pey interviewed American oil men,
Arab leaders, visited Saudi Ara-
bian cities and Aramco facilities
before preparing this article.*



An Aramco exploration party goes for oil in the Rub' al-Khali, "The Empty Quarter" of Saudi Arabia.

and as the meeting draws toward a close, coffee comes out again.

This formula of scrupulously correct behavior has been followed by Aramco since 1933 when three geologists—wearing Arabic robes and beards so they would blend with the population—landed at the Persian Gulf port of Jubayl and launched American oil exploration.

The formula obviously is right because Aramco's relations with Saudi governments and kings have usually prospered. Staggeringly large amounts of money—approximately \$6 billion in royalties and income tax—have been turned over to the Saudi government. The amount leaps higher each year and in 1967, despite the Israeli-Arab war, blockage of the Suez Canal and tanker shortages, Aramco probably turned over to the Saudis about \$800 million in royalties and taxes.

In this nation of four million people, \$800 million pays for 70 per cent of the entire Saudi budget.

The government spends nothing to get the oil out of the ground. It takes no chances. Aramco does it all. But oil does belong to the country.

The Saudi-Aramco split is supposed to be the familiar 50-50 oil arrangement. Actually it works out to 60-40 favoring the country by the time Aramco finishes paying royalties, income taxes, a collection of other levies and performing a series of duties for the Saudi government.

Relations have been almost consistently good since Standard Oil Co. of California fathered the Aramco group of U. S. oil companies. It now includes Standard of California, Standard Oil Co. (N.J.), Texaco and Mobil.

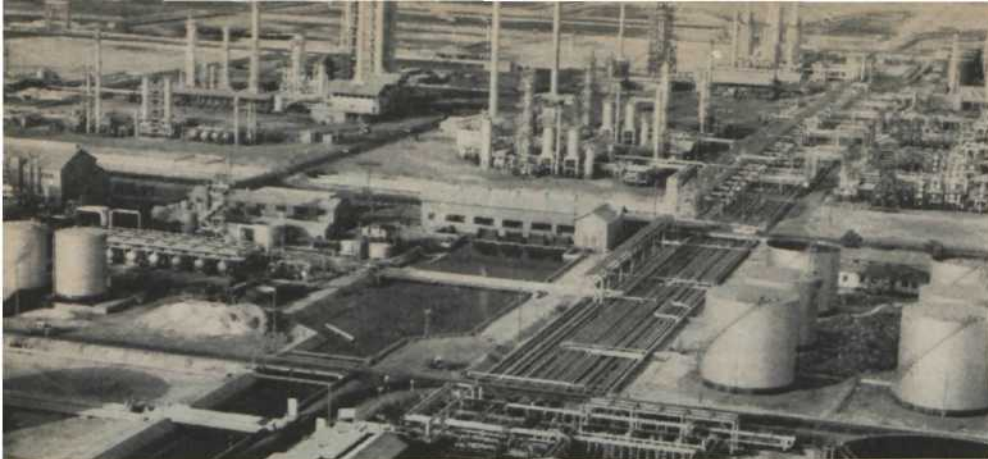
British, Dutch, Japanese, French

and Italian oil companies have fought tooth and nail with other Middle Eastern governments. American companies have also. There is no other performance like Aramco's.

During the Israeli-Arab war this past summer Aramco production was reduced briefly while other Arab fields were closed for weeks. Saudi politicians made stirring speeches about Arab unity. Jews were criticized. There was minor rioting at Dhahran. Threats made. But it was mild compared to what other Arabs were doing.

Saudi behavior during the crisis was perhaps the best indication of relations between the U. S. company and the Arab government. No other large foreign company is so well regarded in the Middle East by the host government.

Another indication is the esteem Aramco commands in the State De-



Aramco's Ras Tanura refinery and oil-loading facilities are on a narrow peninsula extending into the Persian Gulf. It can handle ships of any size.

PARTNERS FOR PROFIT AND PROGRESS

continued

partment where diplomats openly say their jobs have been made easier by Aramco's good reputation.

This reputation should be good. The company's Governmental Relations Department of 120 men is larger than the U. S. Embassy in Jidda. An additional 110 men are assigned to public relations.

Less than a generation ago Saudi Arabia had slavery, strict isolationism, stultifying religious practices, disdain for women except as child bearers and housekeepers, an economy based on dates and on money collected from religious pilgrims visiting Mecca.

Life expectancy was less than half that in the West. Trachoma and a hundred other maladies raged. There were no railroads, few airplanes and only a few miles of irrigation ditches and paved roads. Telephones and radios were as rare as ice; cities were the same as they had been for 100 years.

Ninety-five per cent illiteracy and a class system doomed millions to nothingness and assured less than one per cent of the people the fruits of a good life.

Today if you visit Dhahran, Jidda, Riyadh, Hofuf or scores of other towns or oases it is impossible to get out of the sight of progress.

Aramco provided impetus for progress. In concert with King Faisal's enlightened government, Aramco has helped lift the lives of Arabs. Educated Arabs know the large role Aramco has played although the company does not go out of its way to claim credit.

Dr. Abdulhady Hassan Taher, governor of the State Petroleum organization, put his feelings into a neat package recently. "I do business with men from several countries but I prefer Americans," he

told NATION'S BUSINESS. "Aramco executives and other Americans are willing for the other man to make money. Germans, Britons, Frenchmen do not feel this way so much. Americans are selfish in that they want Saudis to prosper so they can prosper. This is fair enough."

Dr. Taher has a Ph.D. from the University of California.

Bringing health to the people

Along the Persian Gulf where the company is located there were only three noncompany doctors and 14 hospital beds in 1954 to serve 250,000 people. Today there are 169 doctors and 900 beds.

Aramco provides medical care for 72,500 Saudis, some of whom have no connection with the company, at a cost of \$13 million annually. Trachoma, diarrhea, malnutrition and tuberculosis have been reduced by Aramco's 70 doctors. When Aramco was new in the land, 25 per cent of Saudi babies died within a year and 40 per cent before they were five. Fewer than two per cent die in the first year now.

Birth control devices are given away now. Arab wives will allow Aramco doctors to examine them, although they still wear veils in public.

Arabs were told by the company to dump village water casks weekly because in 10 days mosquitoes breed. Malaria-fighting equipment has now been handed over to the government by Aramco.

During the 1930's and 1940's, transportation was a chancy business. There was no airline until Franklin D. Roosevelt presented old King Abdul Aziz a DC-3 during World War II. The old plane is still part of Saudi Arabia's now modernizing fleet of Boeing 720's, Douglas

DC-9's and Convairs. Many Arab suppliers for the airline were Aramco financed and trained.

Building up free enterprise

Lawrence of Arabia wrecked the only railroad on the peninsula 50 years ago when he helped the Allies root out Turks. Aramco has completed a \$70 million line from Dammam to Riyadh and the government has repaid Aramco.

The only work Aramco could contract for among Arabs 30 years ago was hauling stone. The only things it could buy were a few staples. It had to open cobbler shops, a laundry, grow food, run a bank, operate a trans-Atlantic airline, import poultry and vegetables, run its own Coca-Cola bottling plant, operate buses, schools, housing communities, collect garbage, publish a newspaper. In other words, the lot.

The company's city planning department once laid out towns. Local communities now have the know-how and are taking over.

Across Saudi Arabia these days there are Arab-owned companies which supply Aramco with 85 per cent of its needs. Hundreds of these companies started with Aramco loans.

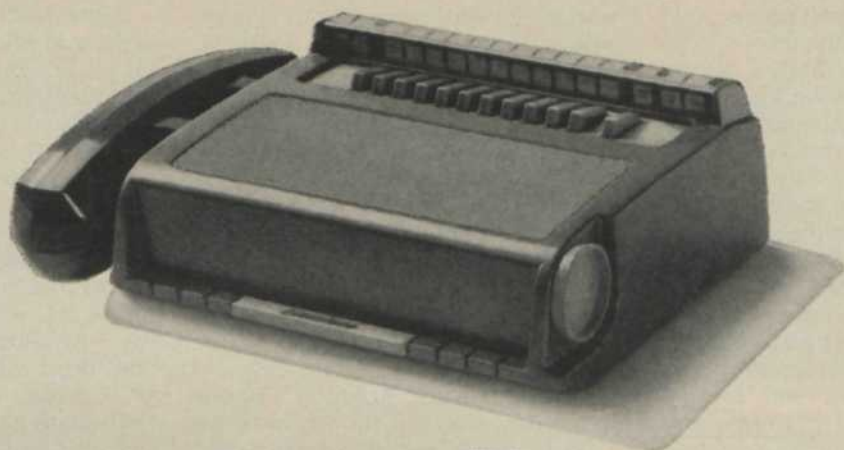
Egg production in the Eastern Province 10 years ago was nil. Twenty-five locally owned chicken farms, each established with Aramco help, now turn out 20 million eggs a year. Over 100 farmers produce 24 different vegetables.

In all this land of drifting sand, few knew how to anchor a desert until Aramco showed them—by planting tamarisk trees in regulated contours. The government is turning a 10,000-acre desert tract into a farm settlement area for wandering Bedouins. Aramco put up \$350,000 for a demonstration village in the tract.

Saudi entrepreneurs construct pipelines, install storage tanks, put up all sorts of buildings, run car rental companies, barge concerns, act as engineering consultants. Dammam's *Mutanwa Press* can do any type of printing. It did not exist until Aramco money launched it.

A shrimp freezing concern was given birth by Aramco. So were optical shops, hospitals, electric companies, date processing and water de-mineralizing companies, butane distributors, bottling firms, clothing manufacturers and wood shops.

Ten thousand Saudis now work for Aramco and the company has financed 6,500 houses for them. These are not company-owned



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Aramco puts up the full cost of the houses, discounts 20 per cent and lets the worker pay for them over 20 years without interest. If the worker dies, his widow gets the house as a gift from the company.

This is enlightened self-interest deluxe. As a result Aramco has as stable a work force as any company in the world. Workers get their sons jobs alongside them and look to Aramco almost as if it were a government in itself.

More than 8,500 Saudis have been with the company for longer than 10 years. Another 1,000 have been on the payroll for longer than five.

Aramco promotes from within. Of 1,411 supervisory-management jobs, Saudis hold 56 per cent.

Educate young Arabs

These are imaginative and talented workers once they are trained. Aramco sees to training with night classes, day classes, on-the-job instruction, short-term and long-term instruction, by sending smart Saudis to technical schools, or to Beirut or to American colleges. In 1967 there were 175 in the United States.

One in every four Saudi workers is getting an education with Aramco help. Practically speaking, it is cheaper to instill smart, young Saudis with a fondness for Aramco and educate them to do the job than it is to hire Americans and then transport, maintain them, provide home leaves, pay premium salaries and living allowances, provide fringe benefits and nurse them and their families when they are ill.

Since 1952 the number of American employees has dropped from 3,200 to 1,400.

Beyond self-interest, Aramco provides 60 university scholarships abroad which are open to any qualified Saudi.

Besides educating its own employees, the oil company has paid for 18 schools in nine towns. These are now part of the national education system with Aramco maintaining them and paying teacher salaries. Two elementary schools are for girls, which were taboo until the past few years.

A company hobbled with excessive government interference may not psychologically be ready to provide all these extracurricular benefits.

The Saudi government, which did not even know for certain there

was oil in the ground until American and British explorers found it, leaves Aramco alone for the most part. Three Saudi kings have sat on this dusty, sandy throne since oil was discovered and each in his way has respected the American giant and in turn been respected by it. Their main thought—and naturally so—has been to get as much in royalties as they could.

By no means have relations always been good.

Once the government allowed Greek shipowner Aristotle Onassis to try an end run on Aramco. In 1958 he made a deal which would have given his tankers preference in picking up oil and in chartering—with the company having little say.

The matter went before international arbitration and the company won.

Aramco is not an absentee-managed company and in the Middle East with its delicate feelings of nationalism, this is important. Tom Barger and his managerial-executive people live in Saudi Arabia around the calendar.

Aramco people freeze—despite 120-degree summer heat—when profits are inquired into. They do insist that it must be remembered that in the oil business the big profit is in production, not retailing, and therefore Aramco—strictly a producer—must make a big contribution to the “downstream” retailing end of the business which the company owners operate.

Despite the secrecy it is fairly safe to say Aramco's net tops \$600 million yearly. With oil production increasing, the net should go on up.

That is unless there is further war or upheaval in the Middle East. So far the worst has been minor rioting, brief production stoppages, blowing up the long pipeline running to Sidon, Lebanon. Yemeni agents, working for President Nasser of Egypt against King Faisal rather than against Aramco, have also been caught and beheaded in public executions after sporadic dynamiting of private and Saudi property in Jidda, Riyadh and Damman.

Saudi Arabia's reserves

The company insists that it sits atop “depletable reserves” of oil. Technically this may be true. Aramco still holds 125,000 square miles of concessions. This will be reduced to 20,000 by 1993 and in 1999 a new agreement with the government must be negotiated.

Since 1933 Aramco has taken out eight and one half billion barrels of oil. But, during 1966 exploration, it added 12 billion more to proven reserves.

Aramco's Ghawar Field is the world's largest onshore field and Safaniya is the world's largest offshore.

Oil is cheaper and easier to get out of the ground here than it is in the United States or South America. Aramco's 300 wells produce one third as much oil as 55,000 U. S. wells. These are natural force wells, with gas forcing oil up.

Five exploration teams beat around for new fields. One particularly wild area south of Dhahran apparently is a vast shelf of desert held up by oil.

An exploration site at Kidan in Rub' al-Khali, “The Empty Quarter,” is so remote that five days are needed for big search vehicles to reach it. More is known about the South Pole than about Rub' al-Khali.

The King's philosophy

King Faisal, 63, is a sound businessman who can quickly pay his country's bills out of revenue. There is no public debt, no balance of payments problem, the Saudi riyal is as good as gold.

Faisal shuns the habits of his brother, former King Saud, such as tipping waiters \$600 for a cup of tea, passing out free Cadillacs and maintaining a Riyadh palace more imposing than castles of British royalty. The deposed King Saud, a mental case, now is a Nasser mouthpiece living in Cairo.

Faisal believes in free enterprise as devoutly as any American executive and he lives up to his belief. The example Aramco has set helps knock down the arguments of a small but important group of government officials who want bigger government and socialist roles.

Dr. Taher solidly backed the free enterprise route last spring when in Baghdad at the Arab Petroleum Congress he stood for joint ventures with foreign firms. He championed internationalization of business, argued against socialism and “semi-socialism” and defended U. S. business practices.

During a recent interview he said Saudi Arabia is in many ways much more of a free enterprise state than the United States is.

This seemed to him to be the finest compliment he could pay his own country. **END**



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ART BUCHWALD'S POLITICAL PROGNOSTI- CATIONS, POTPOURRI AND POPPYCOCK

Art Buchwald, the political satirist, is no politician.

He is blunt, makes no promises and doesn't weasel words. To him the thought of kissing a baby is sheer revulsion. He doesn't even like to shake hands.

But he knows a politician when he sees one, and he has a strange gift of foresight. That's why *NATION'S BUSINESS* asked him to peer into the future and predict the main events of this election year as only this witty columnist can do.

Despite its potential calamitous impact on the stockmarket and the American economy—not to mention the careers of the candidates—here is his forecast as related to *NATION'S BUSINESS* editors in his smoke-choked office:

Mr. Buchwald, what kind of an elec-

tion year is this one going to be?

I think it's going to be a good election year, that is to say an election year fraught with drama, excitement and charisma. We will probably see more charisma in this election than we have ever seen before, not to mention some pretty dirty politics.

I know it's early but could you possibly tell us who will win the election in 1968?

I know, of course, but I think it would be unfair to the electorate if I revealed it at this time. Americans would have nothing to look forward to in 1968 if I told them the outcome this early. I have made it a practice to always reveal the winner *after* the elections.

But how do we know you had the

winner all the time if you reveal it after the elections?

The people have to trust me.

Mr. Buchwald, do you think there will be any whistle-stop campaigns as in past years?

There may be, but it might be risky.

The kids are getting pretty good at stopping troop trains, so God knows what they'll do when a campaign train goes through.

Do you think that because of the student demonstrations and the black power problems that it's going to be hard for a candidate to campaign in 1968?

Offhand I'd say impossible. There will probably be so much heckling and yelling that a candidate won't be able to be heard.

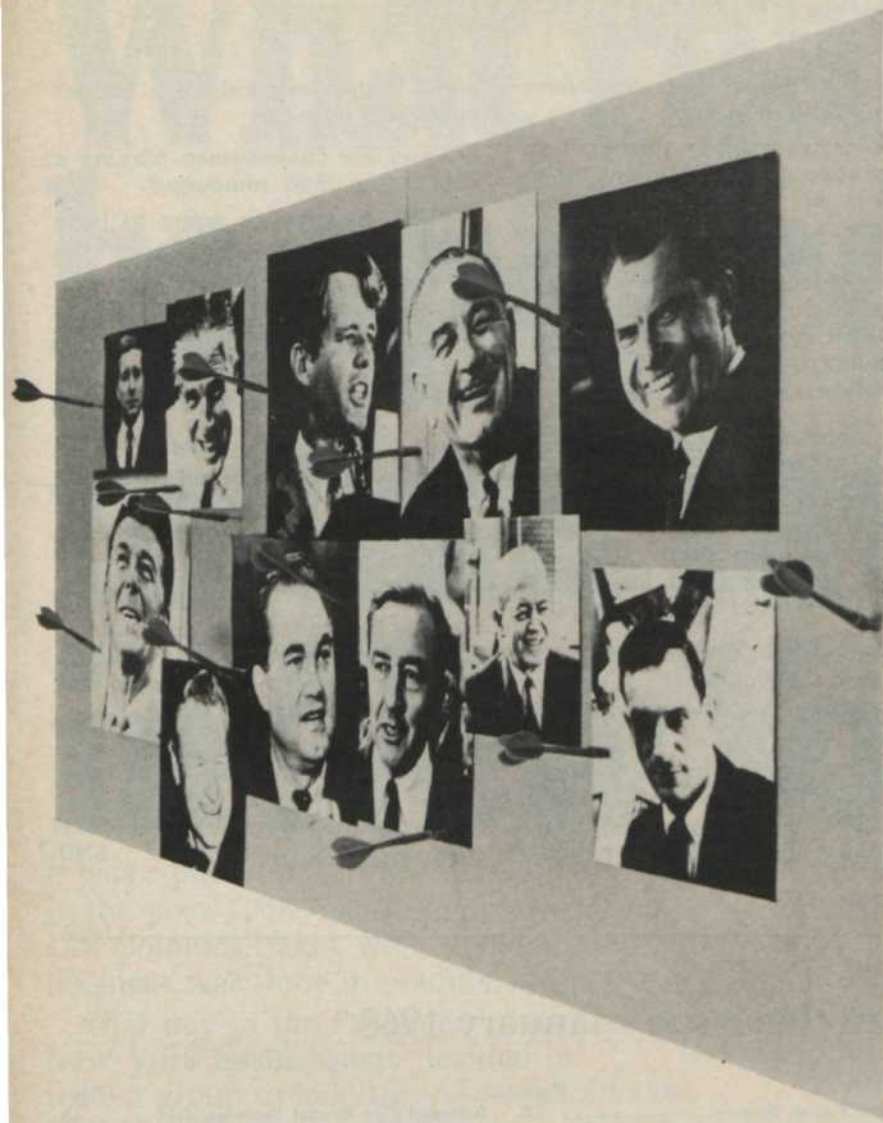


PHOTO:
J. WAYNE HIGGS

This sounds bad.

On the contrary, this could save most candidates.

It is a well-known fact that each Presidential candidate has only one speech which he gives over and over again.

By the tenth time, the press following him, his staff, and even his wife are bored to tears. If the hecklers prevent him from speaking, everyone, including the candidate, will be grateful.

What do you think about the selection of sites for the Democratic and Republican conventions?

I think the press can forgive President Johnson everything except the fact that he insisted on holding the Democratic Convention at the Stockyards in Chicago. We've got feelings too.

Then you believe the Republicans made a wiser choice in selecting Miami Beach for their convention?

I would say it's the best thing the Republicans have done in four years.

What could improve our national conventions?

I think television should get with it more. I would like to see instant replay at the conventions. When Vice President Nixon makes a good point, which he rarely does, I think we should see it again. I would also like to see more split screen work on TV. I would love to watch President Johnson speaking and Bobby Kennedy listening to him at the same time. I believe something like that would really grab you.

I think we could also extend the

length of the conventions to perhaps a month for each party. As it is now, they go by so fast we hardly get to see the delegates from Puerto Rico anymore.

What about the polls? Do you believe they'll play an important part in the election?

Of course. Without polls you wouldn't be able to have elections in this country anymore. As a matter of fact, I believe the dream race in 1968 would be George Gallup running against Lou Harris. That's a contest that would make some sense.

Speaking of polls, do you think President Johnson will develop a new image for '68?

Which President Johnson are you talking about? When you say new image, you imply that people know President's Johnson's old image. President Johnson has about 20 images, but nobody knows who the real Johnson is.

I think that's why Mrs. Johnson always has a quizzical look on her face. She's probably wondering too.

Do you see a new Nixon on the horizon?

It's pretty late in the game for a new Nixon although I understand he's hired a new makeup man. It would be nice if the makeup man could fix it so Nixon looks like Cary Grant.

What about the other possible Republican candidates, for example, Ronald Reagan?

Reagan doesn't need a new makeup man—he needs a new press secretary.

The guy he has now keeps getting him into all sorts of trouble.

Do you see a future for George Romney?

Not since he was brainwashed. Once a candidate's been brainwashed, it's hard for people to remember him, or vice-versa.

How about Nelson Rockefeller?

He says he doesn't want to be President, so he's getting all the attention. The more he protests the more support he's picking up.

Do you think he's sincere in not wanting the job?

Absolutely. And if for some rea-

son he's nominated and wins, they're going to have to drag him in chains to the inauguration.

How about somebody like Mayor John Lindsay?

Lindsay has the best excuse of anybody to run. I think he'd do anything to get out of being Mayor of New York City.

What about Harold Stassen?

He's my favorite Republican. I believe that it's part of our American tradition to have Stassen running for the Presidency. If nothing else, it shows we have continuity in government.

What about Senator McCarthy running against President Johnson?

I think it's a fine gesture and probably will do more good as a protest, than if McCarthy poured gasoline on his clothes and set fire to himself on the White House lawn.

Do you think Bobby Kennedy will

attempt to unseat President Johnson in '68?

Bobby has publicly pledged himself to support the President for reelection in 1968. How he goes about this, he claims, is his own business. But, the way it's shaping up, President Johnson could save himself a lot of grief if he could figure out some way of talking Bobby Kennedy into supporting the Republican candidate instead.

Who would you like to see in the White House?

Howard Hughes. He's the only one in this country who isn't suffering from overexposure. If he got elected, nobody would know if he was in the White House or not.

Anybody else in case Hughes wanted to turn it down?

I wouldn't be against Hugh Hefner, the publisher of *Playboy* being in the White House. With all due respect to President Johnson, the White House has been a pretty dull place for the last five years

and I think somebody like Hefner could jazz it up.

Do you see businessmen playing a role in the 1968 campaign?

Well, somebody's going to have to pay for these campaigns, and it's certainly not going to be me.

Then financing will be their major role?

I can't see them playing a trombone in a ticker tape parade.

Do you believe businessmen should give to both parties or just the party they believe in?

It depends on how badly they want business.

Mr. Buchwald, you seem to have covered the political scene in depth. If you were running for Presidential office this year, what would you do to assure victory?

I'd buy a case of the best charisma I could get and stay potted until the day after election. Anyone who goes after this job while he's sober is out of his mind. **END**

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What really happened in that tavern in New York?

It was a pleasant Spring day, April 5th, in the year 1768. The Colonies were still Colonies, taxes were tough, and business was done in pounds and pence.

That day in the Fraunces Tavern, some New York businessmen decided to form a group to help businesses in the city. And the Chamber was born.

As the country grew, other Chambers sprang up. Before long, Chambers of Commerce stretched all the way to the West Coast with thousands of participating members from every industry known to man.

This year, the New York Chamber of Commerce will be celebrating its 200th Anniversary. Since they started the whole thing, *Nation's Business* is going to devote an entire issue to those 200 years of business leadership...with special emphasis, of course, on the New York Chamber.

There'll be history, articles, comments on business by leading government officials, a roundup of local Chamber accomplishments over the years, lists of Chamber officers who have been or are top executives, and forecasts of their industries by 36 major company

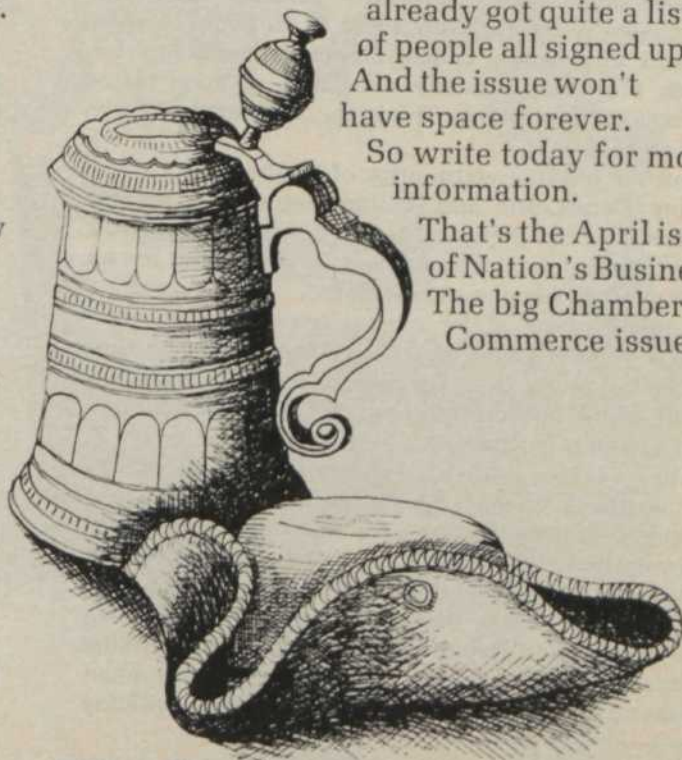
presidents. Plus a lot of other things interesting to both Chamber people and every businessman.

It stands to reason this issue will get a lot of attention. And that ads in it will get a lot of attention, too. In fact, we've

already got quite a list of people all signed up. And the issue won't have space forever.

So write today for more information.

That's the April issue of *Nation's Business*. The big Chamber of Commerce issue.



Nation's Business

Get them while they're young

BY WILBUR MARTIN

The youth vote is going to get more serious attention from the national committees of both major political parties in the 1968 election year.

As a guideline on how the 18-29 age bracket views the image of the Democratic and Republican parties, each will have access to a special Gallup poll of young people. The national committees served as consultants in making up the poll questionnaire.

This poll also will give them a clue as to what issues this group considers most important. And when the results are tabulated, they'll be able to see how the thinking goes by regions across the nation.

Long considered a liberal Democratic preserve, the college campus is now a sort of no-man's-land for the politician. Some polls show as many as 42 per cent of students consider themselves "independent." Party pros figure the total might even be higher, for this is a group subject to more stress and strain than probably any other.

How many college students actually leave the campus each election November to go home to vote, or mail in absentee ballots or change residency for voting purposes, is highly debatable. A good many professional politicians think the number is vastly exaggerated.

But the old-line youth arms of the two parties, the Young Democratic and Young Republican organizations, contend their well-tested programs to register young voters and interest them in politics do sweep most eligible collegians to the polls.

Actually, both major parties are aiming at more than a student's vote next November. They're concerned as much over the image they'll have when young people move off the campus and into the business and civic community.

Most of the publicity concerning college groups has centered around the "antis," those who stage sit-ins, lie-downs and protest parades. This small minority definitely is not among those whose interest and enthusiasm the political parties hope to stir.

Rep. Rogers C. B. Morton of Maryland, chairman of a group called Republicans Speak for Vital Action Program (RSVP), says it will have Congressional speakers visit some 200 campuses this year, meeting

with "responsible collegians." The Democratic Committee's Youth Activities division hopes to get cracking on a new drive after its plans for last year bogged down through a combination of circumstances, including the resignation of its head, former Rep. Charles Weltner of Georgia. He quit to campaign for Congress.

All-day seminars as well as visits by Congressmen are the main tactics the two parties will use to reach collegians who heretofore haven't shown much interest in politics. The regular Young Democratic-Young Republican organizations hope to latch onto these youngsters once their interest is whetted.

Says Linda Underwood of the Young Republican national office: "We're going to push 'first voter' registration. That's going to be a big thing this year, finding and getting the person who's going to vote for the first time to register to do it."

The Young G.O.P. has a "Hard Charger" award for those who recruit members, register new Republicans or even get a letter to the editor published.

The Young Democrats have just elected as President a candidate who's all-the-way with LBJ and this group expects to get its own election year efforts under way shortly.

"We hope especially to attract the college leader," says John M. Hunger, a 34-year-old Ph.D. who heads the Republican National Committee's "Opportunities Unlimited" program. This is a separate effort from the RSVP plan.

"We send out invitations to every campus organization to attend our seminars."

A typical "Opportunities Unlimited" seminar will break down into three phases: Discussion about careers in public affairs and related fields, "how to get into politics" and a question and answer session on issues.

Participants will include Congressmen, national, state and local political party leaders.

The aim is to generate enthusiasm in both politics and government among the students, regardless of whether they're weaned over to a particular philosophy.

Both parties maintain the old brass-band approach to whooping up enthusiasm won't work on the campus. Each is trying to present something it hopes is interesting, informative and with a lasting value.

Mr. Martin, author of this month's column, is an associate editor of NATION'S BUSINESS.

For the past two national elections Kelly Girl® has supported ABC News on the ABC Radio and Television networks right across the board. Supplementing ABC's own full-time staff of experts, Kelly telephone operators took calls from ABC reporters in key precincts. Kelly chart girls fed information to tote boards. Kelly calculator operators figured percentages and totals. Kelly key punch operators converted data for ABC's computer operation.

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ELECTION PACE

National Park Service opened four jogging trails in Washington recently. Jogging—trotting mixed with walking—is becoming a national recreational craze.

It can be done any time of year, and it may be just what Washington needs.

Instead of permitting runaway inflation, giving legislation the fast shuffle and increasing the national debt by leaps and bounds, perhaps our lawmakers should try jogging.

Jogging is said to be a great constitutional and may be as close as some politicians get to that historic document.

Moreover, the very nature of jogging—an easy-paced run, alternated with breath-catching walks—could well be the best way for Washington to run.

Nation's Business • January 1968

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Notice how many "kingpin" fleets are going to Ford?

Fleets all across America, including McLean Trucking Company, Associated Transport, Inc., Ryder Truck Lines, Hennis Freight Lines, Carolina Freight Carriers, ET & WNC Transportation Company and Branch Motor Express are painting their colors on Ford Diesel linehaulers. In fact, these seven fleets ordered a grand total of over 10 million dollars' worth of Ford Trucks in 1967. And Ford's growing popularity does not stop with the big fleets.

Total Ford Diesel sales have gained 40% . . . and for good reasons. Reasons like the big W-Series linehaulers . . . specifically designed to lower operating costs. But, Ford's expanded line of advanced Diesels accounts only in part for their 40% sales growth dur-

ing the first eight months of last year. The other factor is expanded and improved service to owners—whether they own one truck or one thousand.

Over 25% more exclusive truck centers. Already 70 exclusive Ford truck centers have been established, part of a strategic network of over 260 Ford Heavy-Duty Truck Dealers that specialize in Diesels and big gas rigs. They're backed by 6,000 regular dealers. You can't outrun Ford service.

Electronic parts expediting service. Each of Ford's 26 regional parts depots has computerized heavy-truck parts expediting equipment for fast shipments—by air freight if need be.

Full job-tailored line. Ford's choice of

nearly 600 "standard" heavy-duty models is only the start. From there the 70 engineers in Ford's Special Order Department take over to custom-engineer exactly what you need. And all Ford Heavies are carefully built, tested and prepared for delivery. Ford wants your business . . . your repeat business.

Take a tip from the "kingpin" fleets . . . join the shift to Ford!

